



Far East Holdings Berhad

197301001753 (14809-W)




2023
Annual Report

CHALLENGE

is the Path to Growth.

50th ANNUAL GENERAL MEETING

FOR FAR EAST HOLDINGS BERHAD

 The Zenith Hotel, Jalan Putra Square 6,
25200 Kuantan, Pahang Darul Makmur



12 June 2024, Wednesday, 10.00 a.m.





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Run the QR Code Reader app and point your camera to the QR Code



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KEY INDICATORS

As at 31 December 2023

PROFIT BEFORE TAX

RM **129.46** Million

PROFIT AFTER TAX

RM **105.42** Million



EARNINGS
PER SHARE

16.59 Sen



REVENUE

RM **542.36** Million



TOTAL EQUITY

RM **1,430.42** Million



MARKET
CAPITALISATION

RM **2.14**
Billion



SHARE PRICE

RM **3.60**
Per Share

(Source: finance.yahoo.com)
Price as at 29 December 2023



NET TANGIBLE
ASSET

RM **2.41**
Per Share



FINANCIAL CALENDAR

As at 31 December 2023

FINANCIAL YEAR END

31 December 2023



ANNOUNCEMENTS OF RESULTS

1

First Quarter
25 May 2023



2

Second Quarter
23 August 2023



3

Third Quarter
24 November 2023



4

Fourth Quarter
23 February 2024

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of
Annual General Meeting

26 April 2024

Annual General Meeting

12 June 2024
(10.00 a.m.)

DIVIDENDS

Interim

Book Closure Announcement Date	27 November 2023
Entitlement Date	20 December 2023
Payment Date	10 January 2024

Final

Book Closure Announcement Date	26 April 2024
Entitlement Date	21 June 2024
Payment Date	05 July 2024



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting ("AGM") of Far East Holdings Berhad ("FEHB" or "Company") will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 12 June 2024 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To lay the Audited Reports and Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon. *Refer to Explanatory Note 1*
2. To approve the payment of a final single tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2023 as recommended by Directors. *(Ordinary Resolution 1)*
3. To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:-
 - (a) YH Dato' Sri Kamaruddin bin Mohammed *(Ordinary Resolution 2)*
 - (b) YH Datuk Mohd Afrizan bin Husain *(Ordinary Resolution 3)*
 - (c) Ms Ng Yee Kim *(Ordinary Resolution 4)**Refer to Explanatory Note 2*
4. To approve the payment of fees to the Directors up to an amount of RM780,000 from the 50th AGM until the next AGM of the Company. *(Ordinary Resolution 5)*
Refer to Explanatory Note 3
5. To approve the payment of benefits to the Directors up to an amount of RM1,891,250 from the 50th AGM until the next AGM of the Company. *(Ordinary Resolution 6)*
Refer to Explanatory Note 4
6. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to determine their remuneration. *(Ordinary Resolution 7)*
Refer to Explanatory Note 5

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolution:-

Proposed Renewal of Shareholders' Mandate For Existing Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 ("Act"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving interest of Directors, major shareholders or person connected, as set out in Section 2.2 of Part A of the Circular to Shareholders dated 26 April 2024, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company ("Mandate");



Notice of Annual General Meeting (Cont'd)

THAT the Mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless renewed by a resolution passed at that AGM, the authority is again renewed; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act; or
- (c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders in an AGM or EGM;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

(Ordinary Resolution 8)
Refer to Explanatory Note 6

- 8. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 6 sen per ordinary share for the financial year ended 31 December 2023 if approved by the shareholders at the AGM will be paid on 5 July 2024 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 21 June 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 19 June 2024 (in respect of shares which are exempted from mandatory deposit); or
- (b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 21 June 2024 (in respect of ordinary shares).

By Order of the Board

Noor Anisah binti Sabarudin
Company Secretary (LS 0008153)
(SSM PC No. 201908003026)
Kuantan, Pahang Darul Makmur

26 April 2024



Notice of Annual General Meeting (Cont'd)

Notes On Proxy

1. Depositors who appear in the Record of Depositors as at 6 June 2024 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend the 50th AGM or appoint a proxy or proxies to attend and vote on his behalf.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur, not less than 24 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. If the member is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.
10. Voting right of shareholders; Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

Explanatory Notes

1. Audited Reports and Financial Statements for the Financial Year Ended 31 December 2023

The Audited Reports and Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only. The Audited Reports and Financial Statements do not require shareholders' approval and as such, will not be put forward for voting to be formally approved by the shareholders.

2. Ordinary Resolutions 2,3,4 - Re-Election of Directors Pursuant to Clause 77 of the Constitution of the Company

Clause 77 of the Constitution of the Company expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A Director retiring at a meeting shall retain office until the conclusion of the meeting. In addition, Clause 77 of the Constitution of the Company states that all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

YH Dato' Sri Kamaruddin bin Mohammed, YH Datuk Mohd Afrizan bin Husain and Ms Ng Yee Kim being eligible, have offered themselves for re-election at the 50th AGM pursuant to Clause 77 of the Constitution of the Company.



Notice of Annual General Meeting (Cont'd)

3. Ordinary Resolution 5 - Payment of Fees to the Directors up to an amount of RM780,000 from the 50th AGM until the next AGM of the Company

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of Directors fees up to an amount of RM780,000 from the 50th AGM until the next AGM of the Company in accordance with the remuneration structure as set out below:-

Directors' Fees	RM
Executive Directors	160,000
Non-Executive Directors	620,000
Total	780,000

4. Ordinary Resolution 6 - Payment of Directors' Benefits (Excluding Directors' Fees)

The Company is seeking the shareholders' approval for the following payment of benefits to its Directors pursuant to Section 230(1) of the Act for the period from the 50th AGM until the next AGM of the Company.

Directors' Benefit	RM
Meeting allowance (Board and Committees)	518,250
Other benefits	
• Business travel, medical, insurance coverage and other claimable and reimbursement for the purpose of enabling the Directors to perform their duties.	873,000
• Cash payment to the Senior Executive Director, Plantations & Milling's family upon his natural death while in service in lieu of his long service since 2002 to the Group.	500,000
Total	1,891,250

5. Ordinary Resolution 7 - Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 25 March 2024 undertook the annual assessment of the suitability and effectiveness of the external audit process, the performance, suitability and independence of the external auditors, Messrs Moore Stephens Associates PLT ("Moore Stephens"). The following factors were taken into consideration:-

- Dissemination of information about policies and processes for maintaining independence, objectivity and the monitoring of Moore Stephens compliance with professional ethical standards;
- Communication of audit strategy and current developments in relation to accounting and auditing standards relevant to the Group's financial statements and the potential impact on the audit; and
- Reasonableness of the audit fees charged.

The AC was satisfied with the suitability of Moore Stephens based on the quality of audit, performance, competency and sufficiency of resources that the external audit team had provided to the FEHB as prescribed under Paragraph 15.21 of the Listing Requirements.

The Board at its meeting held on 25 March 2024 approved the AC's recommendation that the shareholders' approval be sought at the 50th AGM on the re-appointment of Moore Stephens as external auditors of the Company for the financial year ending 31 December 2024, under Ordinary Resolution 7. The Auditors, Moore Stephens have indicated their willingness to continue their services for the next financial year.

6. Ordinary Resolution 8 - Proposed Shareholders' Mandate

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on normal commercial terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Shareholders' Mandate is set out in Section 2.2 Circular to Shareholders dated 26 April 2024.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Clause 77 of the Company's Constitution	Names of Directors for Re-Election:- (a) YH Dato' Sri Kamaruddin bin Mohammed (b) YH Datuk Mohd Afrizan bin Husain (c) Ms Ng Yee Kim The details of the abovenamed Directors who are standing for re-election are set out in the Directors' profiles (pages 13 to 21 of the Annual Report); whilst their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (page 149 of the Annual Report).
Election of Director	No individual is seeking election as a Director at the forthcoming 50 th AGM of the Company except for the Directors retiring by rotation.
Place, date and time of the 50th AGM	The 50 th AGM of the Company will be held at the The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on 12 June 2024 at 10.00 a.m.
Details of Directors Attendance at Board Meetings	A total of eight (8) Board Meetings were held during the financial year ended 31 December 2023. The details of the Directors attendance at the Board meetings at the financial year are as follows:-

Name	Meeting Attendance	Date Appointed
YH Dato' Sri Kamaruddin bin Mohammed	8/8	16.08.2002
YH Dato' Suhaimi bin Mohd Yunus	8/8	05.07.2019
YH Datuk Mohd Afrizan bin Husain	8/8	01.11.2018
YH Dato' Asmin binti Yahya	8/8	20.07.2020
Mr Tee Kim Tee @ Tee Ching Tee	8/8	16.08.2002
Mr Tee Cheng Hua	8/8	16.08.2002
Encik Nik Mohamed Zaki bin Nik Yusoff	8/8	08.07.2015
Mr Tee Lip Teng	8/8	23.07.2012
Ms Ng Yee Kim	8/8	20.07.2020



CORPORATE INFORMATION

Board of DIRECTORS


YH Dato' Sri Kamaruddin bin Mohammed*

Group Chairman

Non-Independent, Non-Executive Director

YH Dato' Suhaimi bin Mohd Yunus

Non-Independent, Non-Executive Director

YH Datuk Mohd Afrizan bin Husain

Independent, Non-Executive Director

YH Dato' Asmin binti Yahya

*Non-Independent, Executive Director/
Chief Operating Officer*

Mr Tee Kim Tee @ Tee Ching Tee

Non-Independent, Non-Executive Director

Mr Tee Cheng Hua

*Non-Independent, Senior Executive Director,
Plantations & Milling*

Encik Nik Mohamed Zaki bin Nik Yusoff

*Senior Independent, Non-Executive Director
(Responsible for Investor Relations)*

☎ : 09-5141 936 / 948 / 339

📠 : 09-5136 211

✉ : nikmohamedzaki@fareh.po.my

Mr Tee Lip Teng

Non-Independent, Non-Executive Director

Ms Ng Yee Kim

Independent, Non-Executive Director

SECRETARY

Puan Noor Anisah binti Sabarudin
(LS0008153) (PC201908003026)

☎ : 09-5141 936 / 948 / 339

📠 : 09-5136 211

🌐 : www.fehb.com.my

✉ : nooranisah@fareh.po.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (Listing Date: 31.01.1991)

REGISTERED ADDRESS

Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

☎ : 09-5141 936 / 948 / 339

📠 : 09-5136 211

🌐 : www.fehb.com.my

✉ : fareast@fareh.po.my

SHARE REGISTRAR

**Boardroom Share Registrars
Sdn. Bhd.**

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

☎ : 03-7890 4700

📠 : 03-7890 4670

✉ : bsr.helpdesk@boardroomlimited.com

MAJOR BANKERS

CIMB Bank Berhad

Lot 32, Jalan Bank
25000 Kuantan
Pahang Darul Makmur

CIMB Bank Berhad

A1, Lorong Tun Ismail 9
Sri Dagangan 2, 25000 Kuantan
Pahang Darul Makmur

SENIOR MANAGEMENT TEAM

**YH Dato' Sri Kamaruddin
bin Mohammed ***
Group Chairman

Mr Tee Cheng Hua
*Senior Executive Director,
Plantations & Milling*

YH Dato' Asmin binti Yahya
*Executive Director/
Chief Operating Officer*

Encik Nazaruddin bin Hasim
*Plantation Controller/
Deputy Chief Operating Officer*

Encik Musa bin Abdul Halim
Senior Regional Manager

Puan Noor Anisah binti Sabarudin
*Manager, Secretarial &
Corporate Affairs*

Puan Rosliha binti Husin
Group Financial Controller

Encik Norfadli bin Mahrom
Manager, Internal Audit

Encik Mohd Hafidz bin Shamsudin
Head of Sustainability & Governance

Note:-

* Formerly Group Executive Chairman. The redesignation as Group Chairman had been made effective 1 January 2024.

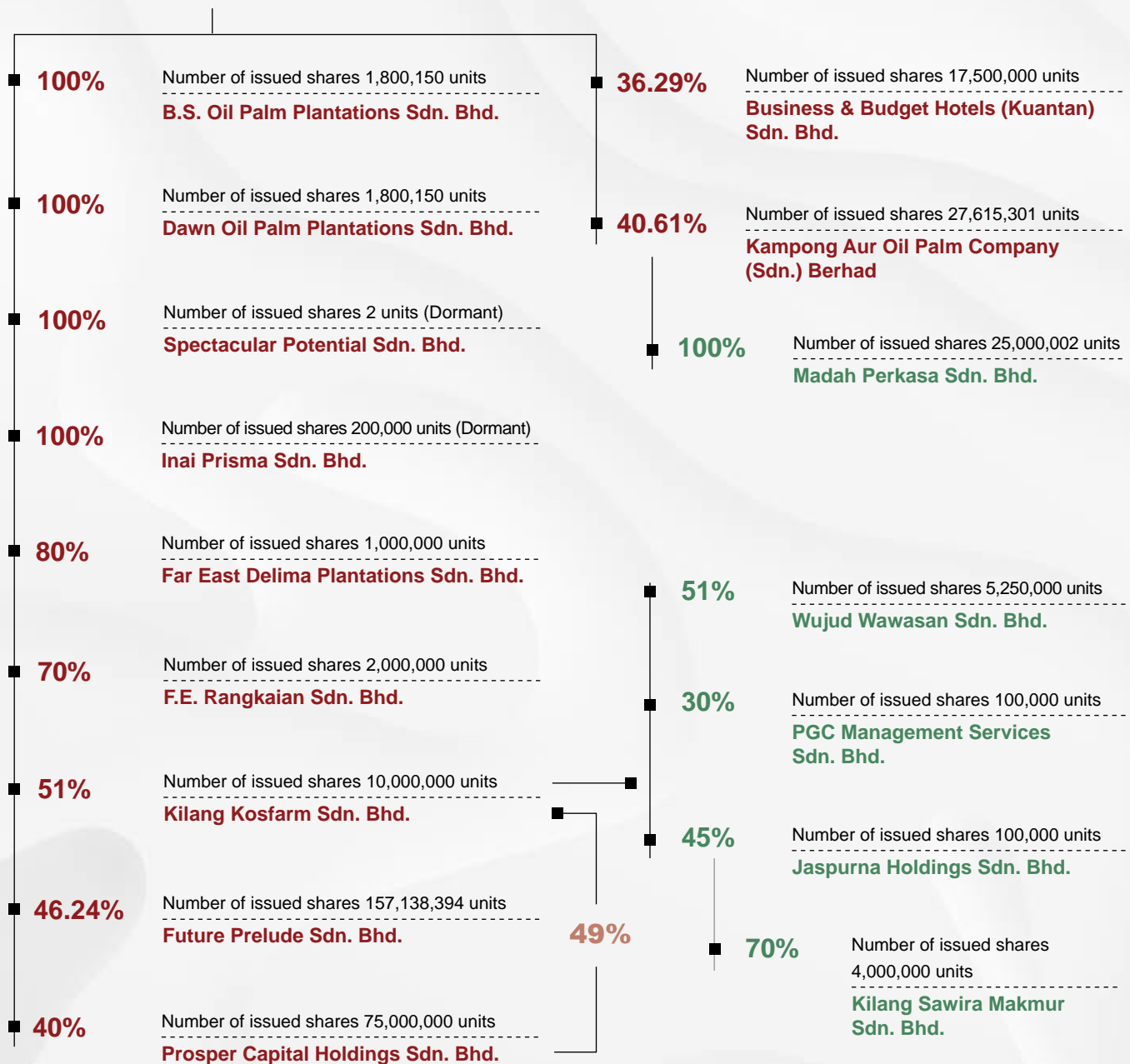


CORPORATE STRUCTURE



Far East Holdings Berhad

197301001753 (14809-W)



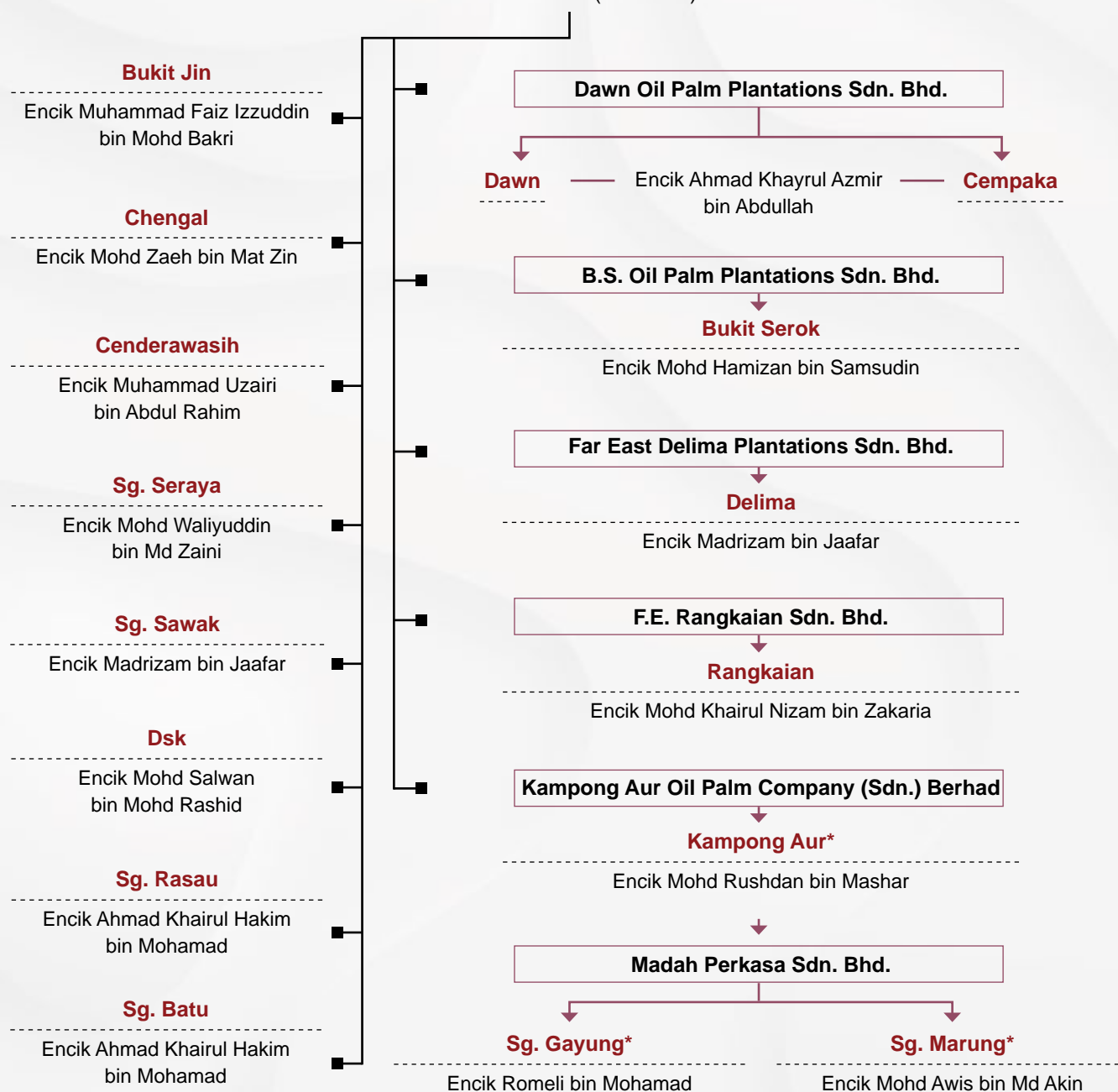


ESTATES' STRUCTURE



Far East Holdings Berhad

197301001753 (14809-W)



Notes:

* The estates under Kampung Aur Oil Palm Company (Sdn.) Berhad's Group are managed by Far East Holdings Berhad.



BOARD OF DIRECTORS





DIRECTORS' PROFILE

YH Dato' Sri Kamaruddin bin Mohammed

SSAP, DSAP, DIMP, SF Fin (Aust)



75



Male



Malaysian

Qualification

- A Business graduate from MARA College (UiTM)
- Professional graduate in Investment Analysis from The Securities Institute of Australia, Sydney, Australia (FSIA)
- Management graduate from The Asian Institute of Management, Manila, Philippines
- A Senior Fellow of the Financial Services Institute of Australasia (SF Fin)

Position on the FEHB Board

- Group Chairman
- Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

None

Working experience

- Vast experience in Investment & Financial Management, Corporate Restructuring and Management. Worked over 41 years in ASMB (currently known as Pelaburan MARA Berhad - PMB) before retiring in 2010.
- Group Executive Director of ASMB (PMB) from January 1991 to November 1995.
- Group Chief Executive Officer and Group Managing Director of ASMB (PMB) from December 1995 until April 2008.
- Deputy Chairman cum Advisor of ASMB (PMB) from May 2008 to 30 April 2010.

Any other directorships in listed issuer and in public companies

- Pascorp Paper Industries Berhad
- Amanah Saham Pahang Berhad

Securities holdings in FEHB and subsidiaries

- Indirect - 15,760,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

YH Dato' Suhaimi bin Mohd Yunus

DSAP, DIMP, SMP, AAP, AMP



58



Male



Malaysian

Qualification

- Diploma in Public Administration from INTAN Bukit Kiara
- Degree in Social and Politic at University Gadjah Mada, Indonesia
- Master in Science Administration and Land Development of University Technology of Malaysia

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

05 July 2019

Membership of FEHB Board Committees

Chairman of Risk Management and Environmental, Social & Governance Committee

Working experience

- He started his career in 1995 as Administration & Diplomatic Officer in Transport Ministry. Later he moved to Public Service Department.
- In 1997, he was transferred to Transport Ministry as Assistant Secretary and in 1999 he assumed the post as Assistant District Officer of Rompin, Pahang.
- He was promoted as Chief Assistant Secretary in 2003 and he served in a few Ministries i.e. Agriculture and Natural Resources and Environment till 2005.
- He was appointed as Director of Pahang Sport Council until 2010 and later was promoted as Division Secretary and had served Economic Planning Unit and Pahang State Secretary Office.
- In 2012 to 2014, he was appointed as a Secretary Division of Human Resources of Pahang State Secretary Office.
- In 2014, he was appointed as Deputy State Secretary (Development) of Pahang State Secretary Office till May 2019.
- Effective from 10 May 2019, he was appointed as the Chief Executive Officer of Perbadanan Kemajuan Pertanian Pahang.

Any other directorships in listed issuer and in public companies

- Astral Asia Berhad

Securities holdings in FEHB and subsidiaries

- Direct - 100,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

Mr Tee Kim Tee @ Tee Ching Tee



75



Male



Malaysian

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

- Chairman of Nomination & Remuneration Committee

Working experience

- Started his career 53 years ago as an estate contractor and FFB dealer.
- Vast experience in managing palm oil plantations, palm oil milling and refinery business both as an owner as well as operator over the last 47 years.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 19,149,920 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the elder brother of Mr Tee Cheng Hua and the uncle of Mr Tee Lip Teng.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

Mr Tee Cheng Hua



69



Male



Malaysian

Qualification

Bachelor of Mechanical Engineering from University Technology Malaysia

Position on the FEHB Board

Non-Independent, Senior Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

Nil

Working experience

- Engineer with Highlands and Lowlands Bhd.
- Mill Manager/Engineer with Kulim (M) Bhd.
- He is at present the Senior Executive Director of Prosper Group of Companies.

Any other directorships in listed issuer and in public companies

United Malacca Berhad

Securities holdings in FEHB and subsidiaries

Direct - 8,762,200 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the younger brother of Mr Tee Kim Tee @ Tee Ching Tee and the father of Mr Tee Lip Teng.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

YH Datuk Mohd Afrizan bin Husain

DPSM



56



Male



Malaysian

Qualification

Chartered Accountant

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

01 November 2018

Membership of FEHB Board Committees

- Chairman of Audit Committee
- Member of Risk Management and Environmental, Social & Governance Committee

Working experience

- Started his career in 1990 until 1998 with Messrs Coopers & Lybrand. Last position held was Manager of the Business Assurance Service.
- Later in 1999 till present, he became a partner of Messrs Afrizan Tarmili Khairul Azahar, a Chartered Accountants practice.
- His specialty is in statutory, internal and forensic audits as well as corporate exercise and business planning.
- He also had an extensive experience in insolvency practice and tax advisory and compliance.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 150,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

YH Dato' Asmin binti Yahya

DIMP



55



Female



Malaysian

Qualification

- Diploma in Accountancy, UiTM
- Bachelor in Accountancy, UiTM
- Member of Malaysian Institute of Accountants (MIA)

Position on the FEHB Board

Non-Independent, Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

Nil

Working experience

- She was an External Auditor with Messrs Arthur Andersen & Co. (currently known as Messrs Ernst & Young) before joining Yayasan Pahang as an Investment Officer. Later on she was transferred to Sumber Perindu Sdn. Bhd. (currently known as YP Plantations Holdings Sdn. Bhd.) as the Group Accountant.
- She joined Far East Holdings Berhad in 1995 as the Group Accountant until her promotion as General Manager in 2010. On 1 January 2020, she was re-designated as Chief Operating Officer.
- She was appointed as FEHB's Board member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 1 January 2021.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 339,600 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

Mr Tee Lip Teng



40



Male



Malaysian

Qualification

- Master of Electronic and Electrical Engineering from University College London, United Kingdom
- MPOB Intensive Diploma in Oil Palm Management & Technology (IDOPMT) 2021

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

23 July 2012

Membership of FEHB Board Committees

Member of Risk Management and Environmental Social & Governance Committee

Working experience

- Electrical Engineer with Hoare Lea, United Kingdom.
- Director, Marketing & Business Development of Prosper Group since 2011.
- Currently he is also the Director of Prosper Palm Oil Products Marketing Sdn. Bhd.
- He is also the Managing Director for Future Prelude Sdn. Bhd.
- Deputy President of Malaysian Biodiesel Association (MBA) since 2021.
- Management Board Member of the Palm Oil Refiners Association of Malaysia (PORAM) since 2021.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 1,260,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the son of Mr Tee Cheng Hua and the nephew of Mr Tee Kim Tee @ Tee Ching Tee.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

Encik Nik Mohamed Zaki bin Nik Yusoff



61



Male



Malaysian

Qualification

Bachelor of Commerce (Honours) from Carleton University Ottawa, Canada

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

08 July 2015

Membership of FEHB Board Committees

- Member of Audit Committee
- Member of Nomination & Remuneration Committee

Working experience

- Started his career in 1986 in the banking sector at Pacific Bank Berhad and joined Affin Bank Bhd in 1989.
- He later furthered his career at Affin Hwang Investment Bank Bhd as Manager, Corporate Banking in 1990 until 1994.
- He subsequently joined Pelaburan MARA Bhd where he was the Group Chief Executive Officer of Pelaburan MARA Berhad (PMB) from 2008 to 2013 and also previously served as the Chief Executive Officer of the Group's Unit Trust and Fund Management subsidiary PMB Investment Berhad. He was re-appointed as a Director of PMB Investment Berhad in May 2023 and also currently serves on the Investment Committee.

Any other directorships in listed issuer and in public companies

PMB Investment Berhad

Securities holdings in FEHB and subsidiaries

Direct - 62,500 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



Directors' Profile (Cont'd)

Ms Ng Yee Kim



54



Female



Malaysian

Qualification

- Chartered Financial Analyst (CFA) Charterholder
- Bachelor of Business Administration Investment & Business Management, University of Oklahoma, USA
- CMSRL Dealing in Securities and Dealing in Derivatives License Holder
- Professional Stock Market Technical Analysis Certificate
- Business Entrepreneur Certificate

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

- Member of Audit Committee
- Member of Nomination & Remuneration Committee

Working experience

- Director of Favor Tech Sdn. Bhd.
- Director of Cornet Research Sdn. Bhd.
- Dealer Representative of Affin Hwang Investment Bank Berhad.
- With more than 20 years of experience in equity dealing and investment, she co-founded two proprietary IT software companies, Cornet Research Sdn. Bhd. and Favor Tech Sdn. Bhd. She currently holds directorship in both Cornet Research Sdn. Bhd. and Favor Tech Sdn. Bhd.
- She also holds a Capital Markets Services Representative's License (CMSRL) with Affin Hwang Investment Bank Berhad.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

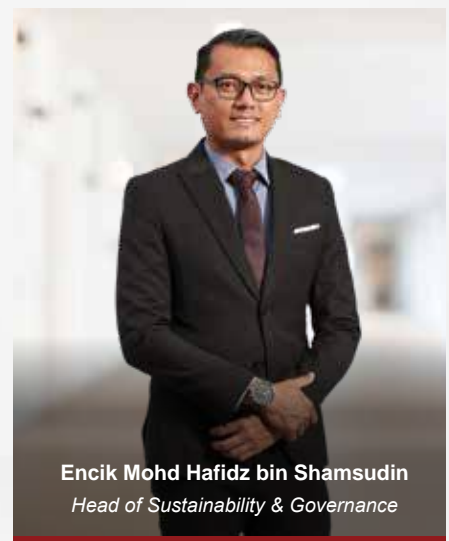
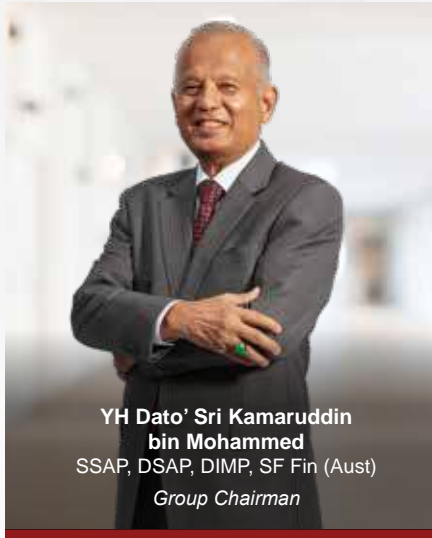
Nil

Number of FEHB Board Meetings attended in the financial year

All eight meetings



MANAGEMENT'S TEAM





MANAGEMENT'S PROFILE

YH Dato' Sri Kamaruddin bin Mohammed

SSAP, DSAP, DIMP, SF Fin (Aust)



75



Male



Malaysian

Position

Group Chairman

Other Profile

- YH Dato' Sri Kamaruddin bin Mohammed was appointed as the Chairman of FEHB on 16 August 2002 and was elevated to Group Executive Chairman on 19 May 2015.
- His position as Group Executive Chairman has been redesignated to Group Chairman effective 01 January 2024.
- His profile is listed in the Director's Profile on page 13.

Mr Tee Cheng Hua



69



Male



Malaysian

Position

Senior Executive Director, Plantations & Milling

Other Profile

- Mr Tee Cheng Hua was appointed as Executive Director, Plantations on 16 August 2002. He was elevated to Senior Executive Director, Plantations & Milling on 01 January 2020.
- His profile is listed in the Director's Profile on page 16.

YH Dato' Asmin binti Yahya

DIMP



55



Female



Malaysian

Position

Executive Director/Chief Operating Officer

Other Profile

- YH Dato' Asmin binti Yahya was appointed as FEHB's Board member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 01 January 2021.
- Her profile is listed in the Director's Profile on page 18.



Management's Profile (Cont'd)

Encik Nazaruddin bin Hasim



52



Male



Malaysian

Qualification	<ul style="list-style-type: none"> • Diploma in Agriculture, University of Putra Malaysia • Bachelor of Business Administration, UiTM
Position	Plantation Controller/Deputy Chief Operating Officer
Date Joined	01 August 1993
Working experience	He has vast experience in estates operations and joined the Company in 1993. He specialises in oil palm operation and labour management.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 2,100 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

Encik Musa bin Abdul Halim



54



Male



Malaysian

Qualification	Bachelor in Science Horticulture, University of Putra Malaysia
Position	Senior Regional Manager
Date Joined	01 June 1996
Working experience	He has vast experience in oil palm estates operation and involved in various stages of the oil palm cycle i.e. mature, immature, replanting, tall palm and oil palm nursery. He is well versed with peat soil oil palm planting.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 42,000 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



Management's Profile (Cont'd)

Puan Noor Anisah binti Sabarudin



57



Female



Malaysian

Qualification	Bachelor of Business Administration (Management and Marketing), Loyola University, United States of America
Position	Manager, Secretarial & Corporate Affairs
Date Joined	04 July 1989
Working experience	She has been with the Company since 1989 and has worked in various divisions at the Head Office. She is now the Manager of Secretarial & Corporate Affairs. She was appointed as Secretary of the Company in 2002.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 26,040 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

Puan Rosliha binti Husin



43



Female



Malaysian

Qualification	<ul style="list-style-type: none"> Bachelor of Accounting (Honours), UiTM Member of Malaysian Institute of Accountants (MIA)
Position	Group Financial Controller
Date Joined	01 April 2010
Working experience	She was an External Auditor at Messrs Ernst & Young and Messrs Parker Randall Thomas for 5 years before joining FEHB in 2010.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 3,000 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



Management's Profile (Cont'd)

Encik Norfadli bin Mahrom



46



Male



Malaysian

Qualification

- Diploma in Accountancy, UiTM
- Bachelor of Accounting (Honours), UiTM
- Member of Malaysian Institute of Accountants (MIA)
- Member of the Institute of Internal Auditors (IIA) Malaysia

Position

Manager, Internal Audit

Date Joined

01 October 2001

Working experience

He has been with FEHB since 2001 and attached to Internal Audit Department since joining FEHB. He was appointed as the Head of Internal Audit on 01 January 2020 and elevated as the Manager, Internal Audit effective 01 January 2022.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Encik Mohd Hafidz bin Shamsudin



39



Male



Malaysian

Qualification

- Certificate in Wood Based Technology, Polytechnic Shah Alam
- Diploma in Wood Based Technology, Polytechnic Shah Alam
- Bachelor International Tropical Forestry, University Malaysia Sabah

Position

Head of Sustainability & Governance

Date Joined

16 August 2021

Working experience

He has been in the plantation industry since completion of his study in 2010. He had served in companies namely Kuala Lumpur Kepong Berhad and Mycorp Sdn. Bhd.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

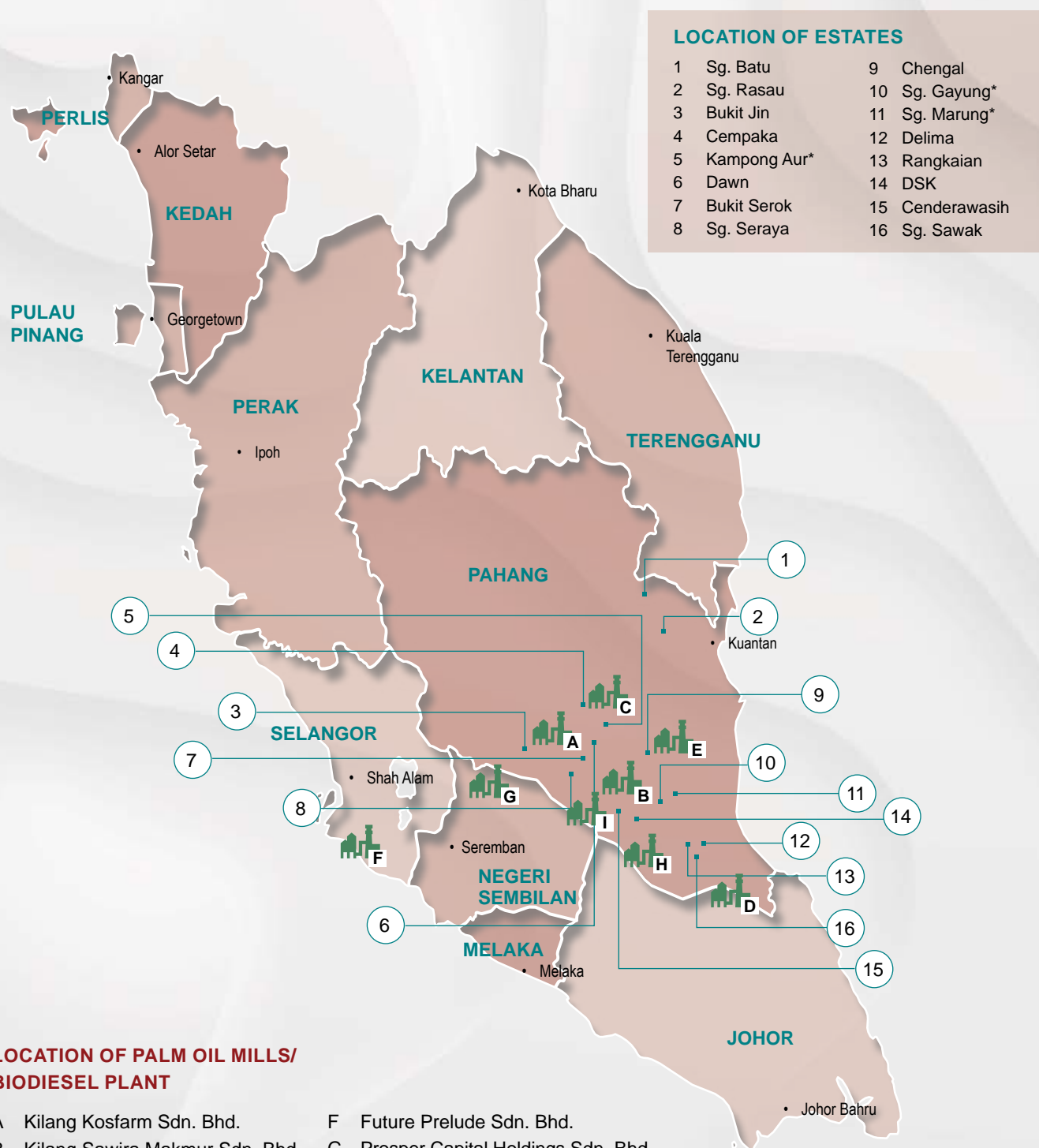
None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil



LOCATION OF OPERATIONS



Notes:

* The estates under Kampong Aur Oil Palm Company (Sdn.) Berhad's Group are managed by Far East Holdings Berhad.



GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-Current Assets					
Property, Plant and Equipment	299,014	310,543	319,610	328,030	272,688
Investment Property	63,000	61,000	61,000	60,000	60,000
Associates	611,365	595,932	524,647	474,063	459,481
Right-of-Use Assets	437,135	443,014	438,758	445,920	316,923
Other Financial Assets	1,997	-	-	-	731
	1,412,511	1,410,489	1,344,015	1,308,013	1,109,823
Current Assets	289,151	331,182	237,011	163,970	134,120
Total Assets	1,701,662	1,741,671	1,581,026	1,471,983	1,243,943
Equity and Liabilities					
Share Capital	197,946	197,946	197,946	197,946	197,946
Fair Value Reserve	23	-	-	-	-
Retained Earnings	1,184,874	1,174,753	1,052,499	947,474	873,338
Equity attributable to Owners of the Company	1,382,843	1,372,699	1,250,445	1,145,420	1,071,284
Non-Controlling Interests	47,573	47,978	43,991	37,154	35,364
Total Equity	1,430,416	1,420,677	1,294,436	1,182,574	1,106,648
Liabilities					
Non-Current Liabilities					
Deferred Tax Liabilities	74,033	73,714	74,610	73,709	87,186
Lease Liabilities	15,958	16,090	16,014	16,293	16,440
Borrowings	86,250	101,250	116,250	131,250	-
	176,241	191,054	206,874	221,252	103,626
Current Liabilities	95,005	129,940	79,716	68,157	33,669
Total Liabilities	271,246	320,994	286,590	289,409	137,295
Total Equity and Liabilities	1,701,662	1,741,671	1,581,026	1,471,983	1,243,943



Group Financial Summary (Cont'd)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2023	2022	2021	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	542,359	785,657	693,585	669,049	381,129
Profit Before Tax	129,457	274,686	210,465	112,205	103,141
Profit After Tax	105,420	227,914	174,836	103,150	84,788

HIGHLIGHTS AS AT 31 DECEMBER

	2023	2022	2021	2020	2019
Earnings Per Share (Sen)	16.59	36.59	27.67	16.50	13.47
Net Tangible Asset Per Share (RM)	2.41	2.39	2.18	1.99	1.86
Current Ratio (Times)	3.04	2.55	2.97	2.41	3.98
Pre Tax Profit As a Percentage of Revenue (%)	23.87	34.96	30.34	16.77	27.06
Pre Tax Profit As a Percentage of Shareholders' Equity (%)	9.36	20.01	16.83	9.80	9.63
Profit Before Tax Margin (%)	23.87	34.96	30.34	16.77	27.06
Profit After Tax Margin (%)	19.44	29.01	25.21	15.42	22.25

DIVIDENDS DECLARED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

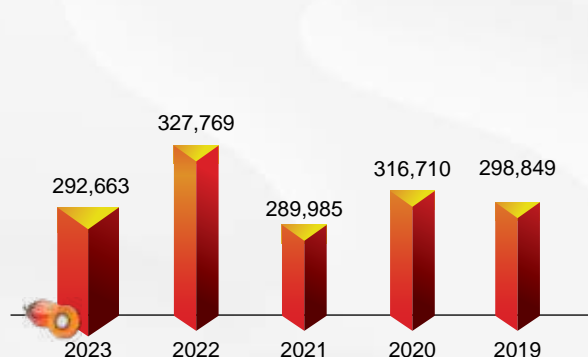
	2023	2022	2021	2020	2019
Gross Dividend (Sen)	11.00	18.00	13.00	7.00	2.50



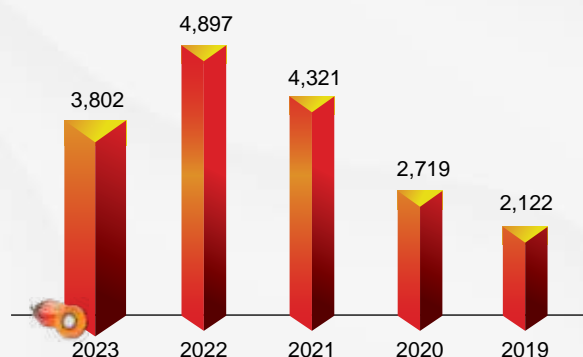
PLANTATION MATRIX

		2023	2022	2021	2020	2019
Oil Palm Production						
FFB Production	Mt	292,663	327,769	289,985	316,710	298,849
CPO Production	Mt	55,670	61,598	55,094	59,678	55,423
FFB Yield	Mt/ha	16.31	18.69	17.01	19.74	19.19
CPO Yield	Mt/ha	3.10	3.51	3.23	3.72	3.56
Average OER	%	19.02	18.79	19.00	18.84	18.55
Price and Cost						
CPO Average Price	RM/mt	3,802	4,897	4,321	2,719	2,122
PK Average Price	RM/mt	2,018	2,953	2,874	1,640	1,257
Kernel Recovery Revenue	RM/mt	514	774	732	430	319
FFB Cost (Ex-estate)	RM/mt	326	286	246	205	212
CPO Production Cost (Ex-estate)	RM/mt	1,711	1,520	1,295	1,087	1,118
Land Areas						
Mature Area	Hectare	17,939	17,536	17,044	16,044	15,570
Total Planted Area	Hectare	18,898	18,909	18,791	18,791	16,160

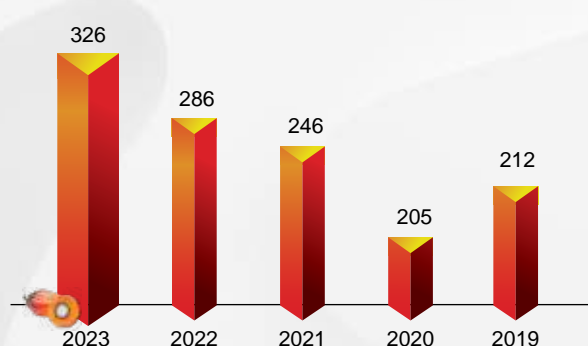
5 Years FFB Production
(mt)



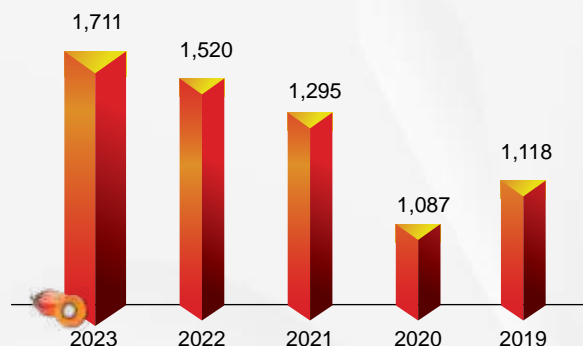
5 Years CPO Average Price
(RM/mt)



5 Years FFB Cost (Ex-estate) per MT
(RM/mt)



5 Years CPO Production Cost (Ex-estate) per MT
(RM/mt)





CORPORATE SUSTAINABILITY STATEMENT



Commitment and Approach

At Far East Holdings Berhad ("FEHB" or "the Group"), we are committed to delivering profitable and sustainable long-term growth to create value for all our stakeholders. In the year of review, we have increased our effort to protect and support the planet in various aspects including strengthening our sustainability approach in all material areas of our operations. We are aware that our daily operation impacts the environment and as such, we take conscious measures to enhance our management in all aspects.

The adoption of Environmental, Social and Governance ("ESG") is the vital next step towards a sustainable future and responsible growth for the palm oil industry. We adopt ESG principles based on our industry's national standard - Malaysian Sustainable Palm Oil ("MSPO"). The MSPO Standards contains seven (7) principles which form the general requirements of a management system framework, based on three (3) pillars of sustainability: economically viable, socially acceptable and

environmentally sound. The MSPO Certification establishes mandatory sustainability standards for oil palm plantations, both independent and organised smallholdings as well as palm oil processing facilities. It covers management requirements, specific performance requirements and traceability of production throughout the supply chain from raw materials to processing and manufacturing of palm oil and palm oil-based products. Despite business headwinds due to geo-strategic factors that we had encountered, we had been steadfast in maintaining our commitment for MSPO Standards and ESG adoption.

FEHB's Sustainability Statement has been reviewed internally by our internal auditors. Internal audit evaluates the company's internal controls, including its corporate governance and accounting processes. These types of audits ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection. These audits also provide management with the tools necessary to attain operational efficiency by identifying problems and correcting lapses before they are discovered in the external audit.

Anti-Corruption

All employees who are **high risks personnel** attended training regarding anti-corruption.

Employee Category	Nos.	(%)
Senior Executive Director, Plantations & Milling	1	1
Executive Director/Chief Operating Officer	1	1
Plantation Controller	1	1
Senior Regional Manager	1	1
Manager	14	11
Senior Assistant Manager	8	6
Assistant Manager	24	19
Executive	24	20
Clerk	49	40
Total	123	100



Corporate Sustainability Statement (Cont'd)

Anti-Corruption (Cont'd)

All operations have been assessed for corruption related risks. The mechanism that FEHB has implemented to assess corruption related risks are as follows: -

1. Corporate Gift Policy;
2. Anti-Bribery & Anti-Corruption Policy;
3. Code of Business Conduct;
4. Opening Tender Committee; and
5. Tender Committee.

Economic

Estates and Mills

Incorporated in 1973, FEHB has been established for fifty (50) years and is listed on Main Market of Bursa Malaysia Securities Berhad since 1991. The Group owns thirteen (13) oil palm estates across Pahang state. The reliance on local contractors and vendors, many of whom fall under the category of Small and Medium Sized Enterprise ("SME") is a vital part of the Group's daily field operation ensuring that the Group favorably contribute both direct and indirect economic impacts to the regional economic growth and development.

Local Contractors

Local SME contractors based in Gugusan Felda Keratong, Bandar Muadzam Shah, Bandar Rompin and Felda Kemayan are heavily involved in daily field operation, such as harvesting works, transportation of Fresh Fruit Bunches ("FFBs") and other estate maintenance works such as manuring, weeding, pruning, road maintenance and drainage maintenance. These local contractors are hiring local workers, most of them from Gugusan Felda Keratong and the villages within the area such as Bandar Melati, Kampung Cenderawasih, Perantau Damai and Kota Bahagia to perform estate maintenance works. However, for the harvesting operations, the reliance on foreign workers mainly from Kepulauan Lombok, Indonesia remain significant.

In line with the commitment to support local contractors, FEHB provides interest-free loans and manages the acquisition of machinery from the best suppliers for its local contractors to support the Group's mechanisation initiatives. FEHB also disposes its machinery (tractors and trailers, mini crawlers, mechanical buffalo) to its local contractors at a price lower than its current market value to ensure that its local contractors have the capability to perform their contracted job. The Group also provides interest-free advances for its local contractors if they are unable to continue with their job due to shortage of capital.

Local Vendors

The purchase of consumable agricultural equipment such as harvesting sickles, machetes, boots and others are being made from the local SME vendors mainly from Bandar Muadzam Shah and Gugusan Felda Keratong. The Group also purchased heavy machinery such as tractors, tipping trailers, rotary slashers and machineries such as mini crawler and mechanical buffalo (Timac) from local suppliers, mainly based in Pahang, Johor and Selangor.

Fertilisers are the Group's largest purchase. The Group mainly purchase Ammonium Sulphate, Muriate of Potash, Kieserite, Rock Phosphate and Borate based on the manuring program and formulation as set by the agronomists for all estates. While these fertilisers are being imported to Malaysia from its source country mainly China/Taiwan, Germany, Egypt/Jordan/Peru and Christmas Island, the purchases of these fertilisers are being made directly from Malaysian based importers to ensure the most competitive pricing.



Corporate Sustainability Statement (Cont'd)

Stakeholders Engagement

The Group proactively engages stakeholders since they are key enablers to our daily operation and core to our businesses. We are committed to apply inclusivity and responsiveness in our approach to a wide range of stakeholders and keep abreast of the issues material to them.

Throughout the year, FEHB actively engaged with six (6) key stakeholder groups. The detail are as follows:-

Nos.	Stakeholder Group	Engagement Channels	Topic of Discussion
1.	Board of Directors	<ul style="list-style-type: none"> Board and Committee Meetings Annual General Meetings ("AGM") Annual Reports Corporate Website Bursa Malaysia Announcements 	<ul style="list-style-type: none"> Financial Performance Ethical and Sustainable Policies Earnings Prospects Return of Investment Corporate Governance and Compliance
2.	Employees/Workers	<ul style="list-style-type: none"> Formal and Informal Meetings and Briefings Performance Appraisal Training Programmes Briefing on Operational, Health and Safety Issues Briefing on Standard Operating Procedures ("SOP") 	<ul style="list-style-type: none"> Performance Review Occupational Safety and Health Welfare and Remuneration Workplace and Housing Conditions Training and Career Development
3.	Investors/ Shareholders/ Bankers	<ul style="list-style-type: none"> Annual Report AGM Corporate Website Bursa Malaysia Announcements 	<ul style="list-style-type: none"> Financial Performance Sustainability Initiatives and Outcomes Corporate Changes Corporate Governance and Compliance
4.	Vendors/Contractors	<ul style="list-style-type: none"> Formal and Informal Meetings and Briefings Site Visits 	<ul style="list-style-type: none"> Price Negotiations Quality Control of Goods/Services Prompt Deliveries of Goods/Services Licensing and Certification Occupational Safety and Health
5.	Government/ Regulators	<ul style="list-style-type: none"> Public Conferences Site Visits and Audits Periodic Reports Public Announcements Formal and Informal Meetings and Briefings 	<ul style="list-style-type: none"> Compliance and Updates on Laws and Regulations Development and Implementation of Shared Initiatives Sustainable Agricultural Practices
6.	Certification Bodies	<ul style="list-style-type: none"> Public Conferences Audits Formal Meetings 	<ul style="list-style-type: none"> Audit and Certifications Compliance with Policies

Corporate Sustainability Statement (Cont'd)

Environmental

We are aware that our daily operations may affect the environmental and ecological systems in the area where we operate directly and indirectly, as well as those who rely on natural resources for their livelihood. In our effort to preserve the environment, we are committed to applying environmental sustainability and it is a critical part of FEHB's business strategy. At the heart of our approach is effective environmental management aligned to the Group's robust Sustainable Palm Oil ("SPO") Policy. The SPO Policy states the Group's commitment towards: -

- Adherence of environmental laws and regulations;
- Prohibition of burning in all operations;
- Conservation of the environment by mitigating the negative impacts and promoting the positive ones through systematic planning and procedures;
- Providing training to all employees on environmental awareness and pollution prevention and taking on the responsibility to preserve the environment;
- Maintenance of High Conservation Value ("HCV") Areas and protection of rare, threatened and endangered species that reside within HCV;
- No new development on High Carbon Stock ("HCS") Forests;
- No new development on peatland regardless of depth;
- Application of Best Management Practices on existing plantation on peatland; and
- Co-operation with the communities, contractors, suppliers and government agencies to improve the environment.

Biodiversity, HCV Areas and River Buffer Zones

HCV is an area that is either rich in biodiversity and/or home to endangered species of plants and animals; or that are fundamental to the needs of local communities to preserving their cultural identity. It is a requirement to identify and preserve the areas within our estates in line with MSPO Standards. We conserve biodiversity by establishing protected buffer zones along riverbanks to serve as wildlife passageways throughout our oil palm estates. These buffer zones also serve as a sanctuary and natural habitat for many migratory birds, reptiles and other animals.



As stated in our Slope & River Protection Policy, the river buffer zones should be maintained on both sides of the riverbank in line with the river's width. Even though we had completed replanting for 179.28 hectares in Cempaka Estate, the river buffer zones in the replanting areas remain untouched. The river buffer zones in other estates are also being properly preserved by the estate management. The signboards detailing

the species of animals are being installed and the estates' personnel frequently monitor the areas. An area of 121.41 hectare at Sungai Sawak Estate had been declared as preservation area, aligned with FEHB's commitment towards the preservation of HCV areas.

Zero-Burning

The Group adheres steadfastly to its stringent Zero Burning Policy and remains resolute in implementing systems and initiatives to eliminate the occurrence of fires within its landholdings in accordance with its robust SPO Policy. To ensure that no involvement of fire and to improve soil erosion, the palm oil trunks are chipped along with the fronds and stacked in the field during replanting process.



Corporate Sustainability Statement (Cont'd)

Deforestation

FEHB is committed to ensuring that our operation throughout our whole supply chain does not involve deforestation. The Group closely monitors all its FFB suppliers to ensure that no FFB processed at our mills has a contribution towards deforestation. The Environmental Impact Assessment ("EIA") is performed before commencing any new plantation development activities. The last EIA was performed in Sungai Sawak Estate whose approval conditions required adoption of good practices and guidelines with regards to river buffer zones, air quality, water management and forest conservation areas.

Peatland

The Group is committed to forbid all new development on peatland areas and this commitment includes all levels of our supply chains. For existing planted peatland areas namely Delima Estate, Rangkaian Estate and Sungai Sawak Estate, the Group applies the best management practices with the focus given to proper water table management to ensure the prevention of peatland fires, accelerated degradation of soil and subsidence of soil.

Soil Management

In accordance with FEHB's Slope & River Protection Policy, we plant leguminous cover crops like *Mucuna Bracteata*, *Calopogonium Mucunoides* and *Calopogonium Caeruleum* on areas with slope higher than seven (7) degrees. This is to improve soil properties, reduce carbon dioxide emissions, reduce soil erosion on slopes and improve our soil quality through natural soil fertilisation and aeration process. The *Mucuna Bracteata* is an Indian leguminous plant which is widely being planted by oil palm plantation companies across the country. Its rapid growth also helps to prevent weed growth, reducing weeding cost for immature areas.



The Group is committed to exempt any plantation development for areas with a slope higher than 25 degrees, which is also stated in FEHB's Slope & River Protection Policy.

Mechanisation

The Group had increased the application of mechanisation in plantation operations, specifically in the areas of in-field collection, fertiliser application and seedling transfer, mainly to address the shortage of labour and reducing the dependency on manual work. We have been able to evacuate FFBs more efficiently in larger quantities and with reduced damage to the fruits, thus increasing productivity of the workers by deploying mini crawler and mechanical buffalo across the estates. Higher productivity levels of our workers lead to higher potential earnings. Although the fuel and operating costs of mini crawler and mechanical buffalo are higher, they are offset by lower labour costs and improved yields.





Corporate Sustainability Statement (Cont'd)

Scheduled Waste Management

The secure and effective management of Scheduled Waste is of paramount importance to ensure compliance with regulations and to safeguard the health of both human populations and the natural environment. At FEHB, we take great care to ensure that all Scheduled Waste produced by our derivatives are collected and disposed of in accordance with the guidelines and regulations set forth by the Malaysia Department of Environment ("DOE"), which include the Malaysia Environmental Quality (Scheduled Waste) Regulations 2005 (Amendment) 2007. The Group engages the services of licensed contractors registered with the DOE to ensure that the transportation and disposal of Scheduled Waste in a proper and safe manner and to ensure compliance with the regulations.

Renewable Energy

The Group actively integrates renewable energy sources such as solar power whenever feasible although our business relies mostly on diesel and petrol as a fuel for daily operations. In 2023, FEHB had installed 38 units of solar lamp powered by solar photovoltaic panel across the estates with a cost of RM77,508 to assist the daily operation of the estates. We are also applying the usage of battery powered mechanical buffalo for our in-field collection as a part of our mechanisation initiative.

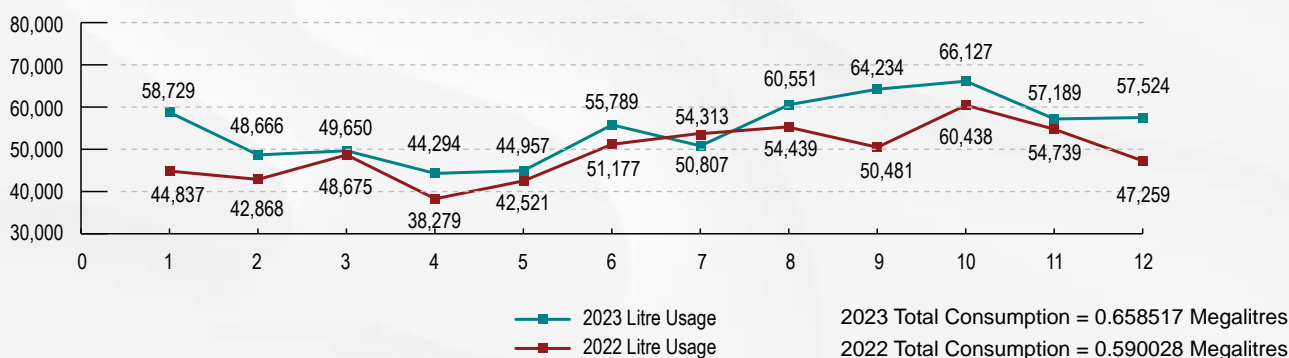


Energy Consumption

The Group closely monitors the consumption of energy (diesel and electricity) across the estates on a monthly basis. The fuel consumptions of the estate's machinery are being tracked and analysed on a day-to-day basis, allowing for proactive management of operational expenses, inventory maintenance and resource consumption. The management also applies the strategy of maximising the load capacity of its internal and external transports by utilising the available space in each transport. Throughout this strategy, the number of trips required has been reduced, resulting in lower consumption of diesel.

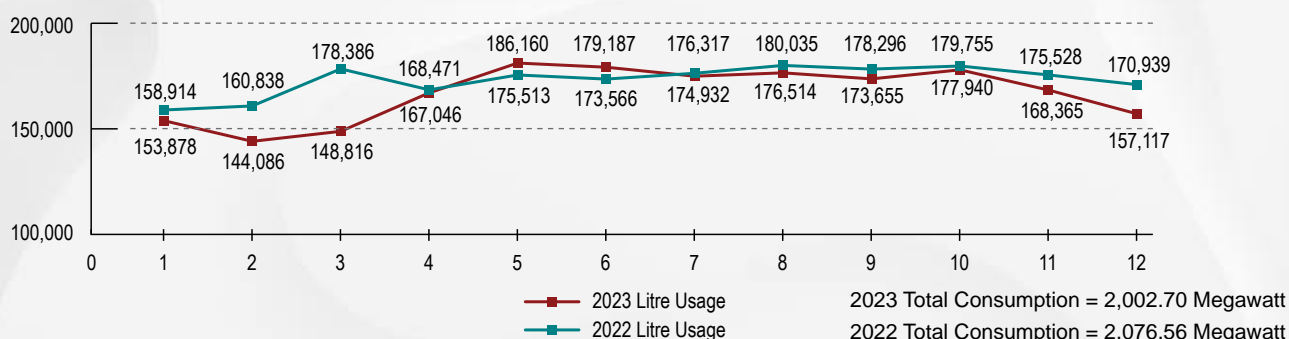
For 2023, the Monthly Diesel Consumption and Monthly Electricity Consumption are as follows:-

Diesel Consumption



The increase in diesel consumption in 2023 compared to the previous year is due to the Group had increased the application of mechanisation in our plantation operations to address the shortage of labour and reducing the dependency on manual work.

Electricity Consumption





Corporate Sustainability Statement (Cont'd)

Emission Management

Reduction of carbon footprint to slow down climate change is a part of the Group's corporate responsibility to preserve the environment. To reduce the Greenhouse Gases ("GHG") emissions, the Group had placed a range of strategies including implementing nature-based solutions, executing forest rehabilitation and conservation activities and minimise operational GHG emissions. The efforts encompass various operational aspects across the estates and palm oil mills.

The Group continuously monitors the GHG emissions from the operation of estates based on the approved calculation method. Emission may be arising from the processing of FFB by the estates, precisely: -

- Emission related to diesel consumption by an agricultural machinery;
- Emission related to the application of fertilisers input; and
- Emission related to the application of pesticides and herbicides input.

Year	Fertilisers*	Pesticides*	Diesel*	Total
2021	6,713.48	50.57	85.11	6,849.16
2022	6,082.03	219.45	90.06	6,391.54
2023	7,096.59	379.86	337.69	7,814.14

* Note: Emission unit - kg CO₂ per ha per year

To reduce the application of pesticides, we plant *Turnera Subulata*, *Cassia Cobanensis*, *Euphorbia Heterophylla* and *Antigonon leptopus* to control bagworm. These types of plants produce flowers that attract parasitoid such as *Sycanus Dichotomus*, *Dolichogenideaa Metesae*, *Psytalia* and *Diachasmimorpha* which is a natural predator for bagworm, thus reducing the GHG emissions resulting from pesticides application.

Water Management

Efficient management of our water consumption is a high priority since the operation of the estates require a significant amount of water. By doing so, we exercise good agricultural practice and reduce operational cost. FEHB's estates are surrounded by natural water streams such as rivers and thus, it is our responsibility to prevent our operations from damaging these waterways.

At our plantations, we obtained water from municipal water sources, harvested rainwater and treated surface water from water resources such as lakes and rivers as well as from bore wells constructed near our operations. We perform rainwater harvesting by digging weirs and pits to collect rainwater to provide the trees with resources over a longer period at our plantations. Harvested rainwater is utilised to manage water tables at peatland.



Since our estates share rivers with local communities, it is our responsibility to prevent contamination of the river due to effluent and water discharge from our operations. Water sampling is conducted in these areas by external laboratories and the results are reported to DOE. As for 2023, there are no instances of water contamination in rivers and lakes surrounding our operations. The Group water consumption for the year 2023 is 1.642166 Megaliters.



Corporate Sustainability Statement (Cont'd)

People's Development

The Group is committed to developing our people into their fullest potential through continuous training and development. We believe that to develop targeted skills and knowledge in a specific role, a mixture of on-the-job training, external training and upskilling programs are required. Our people are well known for their multi-tasking ability, exercising knowledge that is beyond their specialisation to ensure the best contribution and job deliverables of their respective functional groups. We allocate annual budgets for training purposes and organise both internal workshops and external seminars. The details of trainings in 2023 are as follows: -

Year 2023	Training
January	Palm Oil Economic & Review Outlook (R&O) Understanding Employment Act 1955; New Amendment Updates In 2022 Environmental Professional In Scheduled Waste Management Building Effective Teams For Organisational Excellence
February	The Implementation of The Labour Act 1955 (Amendment) 2022
June	10 th International Planters Conference Webinar on Employment Act (Amendment) 2022
July	Effective Fertilising Management Seminar 'Fertilising The Future' Challenges And Effectiveness of Collective Agreements to Pahang State Industry The Science Of Wellbeing Integrity Affirmation Program Skills Improvement Through Academy In Industry And National Dual Training System Decoding Transaction & RPT Rules Unlocking Team Success SSM National Conference 2023
August	MEF-ILO Safe Workshop Operate, Control & Monitor Raw Water Treatment Foreign Workers Seminar
September	Computation Of Percentage Ratios Preparatory Course for Steam Engineer Certificate of Competency Examination Managing Practice and Compliance Issue Under the CO Act
October	Code of Business Conduct Introduction To Integrated Reporting MEOA's Mechanisation Lab 4: Modernise, Mechanise or Perish Seminar
November	Budget and Tax Conference Domestic Inquiry Course MPOB International Palm Oil Congress (PIPOC 2023) Preventing And Eradicating Force Labour Practices In Malaysia
December	OSH Coordinator Course (OSH-C) Practical Guide on Implementing Integrated Reporting Workshop ESG Reporting and Disclosure Internal Combustion Engine (ICE) Year End Seminar TIMES Pay System Info Tech Year End Seminar



Corporate Sustainability Statement (Cont'd)

Foreign Workers

Foreign workers are the most critical factor for most players in the Malaysian oil palm plantation industry. The Group continuously strive to ensure that the recruitment of foreign workers is being made in accordance with the Malaysian law and approved by the Malaysian authorities and source countries to avoid exploitation and modern slavery. We are committed to ensuring that their legal rights are fully safeguarded.

At FEHB, foreign workers make up 96% of our total estate workforce with the majority of them originating from Lombok, Indonesia. This island is well known for producing skilled harvesters for tall palm oil trees (above 20 years). The recruitment process begins with the issuance of hiring quota by Department of Labour, Ministry of Home Affairs. Our licensed agents will begin the recruitment process and clearing immigration procures, including the arrangement of transportation. The foreign workers will be picked up by our representative in Malaysia, then sending them to the respective estates. All cost involved are being absorbed by FEHB including levy fees payable to Malaysian Government, visa application, medical check-up and transportation cost.

In accordance with Workers' Minimum Standards of Housing and Amenities (Amendments) Act 2019 (Act 446), the foreign workers are provided with safe and secure on-site living facilities upon their arrival at the estates. The environment is very comfortable for our foreign workers and their dependents to work and live in. The accommodations such as houses, clean water and electricity supplies, internet access, healthcare, surau, childcare facilities, recreational and sport facilities are available for foreign workers at the estate. The estate management also provides 24 hours security to safeguard foreign workers' belongings and dependents during their time at work.

The Group had implemented the following methods to ensure the fair treatment of foreign workers: -

- Passports and other forms of personal identification remain in the possession of the foreign workers;
- Wages are in accordance with Employment Act 1955 and Minimum Wage Order 2022;
- Working hours and overtime adhere to Employment Act 1955;
- Equal pay for equal work policy, ensuring that foreign workers receive fair remuneration compared to local workers; and
- Foreign workers are free to practice their religious beliefs.

Occupational Safety and Health

Safety and Health Policy

The Group stated its commitment to the compliance of Occupational Safety and Health Act 1994 in accordance with our sustainability principles through the establishment of our Safety and Health Policy. Our Safety and Health Policy states that the Group will: -

- Comply with current legal law and other relevant requirements, regulations, certified codes of practice, national standards and guidelines on Occupational Safety and Health;
- Establish Occupational Safety and Health Management System in all operating units;
- Formulating, creating, delivering, implementing and maintaining a safe work system in workplace;
- Providing adequate education, training and experience to all employees to enable them to perform their duties efficiently and effectively; and
- Ensuring continuous improvement and performance in Occupational Safety and Health Management.

Hazard Identification, Risk Assessment and Risk Control ("HIRARC")

To recognise all hazards related with the operation, the Group regulated HIRARC in all its operational unit and implemented by conducting risk assessment to priorities the risk accordingly and mitigate the risk through its control measures. Whenever there are any changes in process, work activities, new equipment, findings from any incident including near miss incidents and findings from workplace inspection reported by safety committee members, it is required to review the risk assessment and risk mitigation.

There are 28 types of hazardous work recorded based on FEHB's HIRARC for the year 2023. The mitigation plan to prevent accidents from happening is by providing adequate safety training to ensure employees are given exposure and awareness of occupational safety and health.



Corporate Sustainability Statement (Cont'd)

Chemical Health Risk Assessment ("CHRA")

The Group had appointed a Competent Assessor registered with the Department of Occupational Safety and Health ("DOSH") to carry out CHRA, identifying all health risks that may arise due to the usage of hazardous chemical at workplace. The Competent Assessor shall recommend control measures to mitigate the severity of the effect of hazardous chemical used. In accordance with Occupational Safety and Health Act (Use and Standard of Exposure Chemical Hazardous to Health Regulation 2000), the Competent Assessor will conduct the CHRA once every five (5) years.

Safety Training

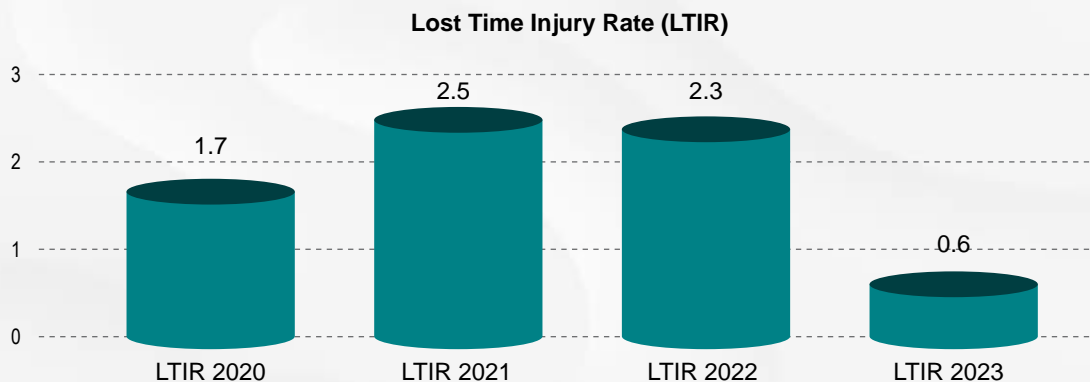
Safety awareness training conducted by safety personnel is compulsory for new employees before they start their work. Emergency Response Team ("ERT") members are trained by Jabatan Bomba dan Penyelamat Malaysia to enhance their safety skills.

Lost Time Injury Rate ("LTIR")

A LTIR is an injury sustained on the job that results in the loss of productive work time. An occupational injury is considered a LTIR only when the injured worker: -

- Unable to perform regular duties.
- Requires time off to recover.
- Assigned modified work duties while recovering.

A LTIR is also known as a lost time incident or lost time case. Measurement of LTIR was conducted to ensure performance of safety and health were monitored as well as to evaluate any potential risk that will lead to injury.



Our Commitment in Support Of Sustainable Palm Oil

As stated in our SPO Policy, the Group is committed to:-

- Comply with all applicable local, state, national and international laws and regulations;
- Conserve the environment and promote positive environmental impacts;
- Respect the rights of employees and local communities;
- Build a transparent, traceable and sustainable palm oil supply chain; and
- Produce quality products and provide good services to customers.

The Group also had outlined other policies which cover the following areas:-

- Security Policy;
- Quality Policy; and
- Food Safety Policy



Corporate Sustainability Statement (Cont'd)

Community/Society

As a part of stakeholders' engagement approach, the Group executed Corporate Social Responsibility ("CSR") program as per below for its specific stakeholders Group: -

CSR Program	Descriptions	RM
FEHB Plogging Day	The Group had organised Plogging Day at Pantai Cempaka, Kuantan, Pahang with the objective of cleaning and promoting one of the most attractive tourist sites in Kuantan, Pahang.	4,790
Autism Funds	The Group had provided funds for the autism care center with the objective of increasing awareness toward understanding and acceptance of people with autism, fostering worldwide support. FEHB is committed to standing together to make a world of difference for autistic people as a part of the Group's inclusivity approach.	50,000

Diversity and Gender Equality

Diversity is the strength of our workforce, reflecting the communities in which we operate. We have access to a wealth of perspectives, capabilities and experiences by employing people from diverse backgrounds which helps to ensure we have the best insights into the evolving needs of customers and stakeholders. To inculcate a non-discriminatory and harmonised work culture, all our people are expected to respect each other's culture. Discrimination, harassment and any form of unfair treatment are strictly prohibited.

The Group's stance on Gender Equality stating our commitment to: -

- Strive to prevent any sexual harassment and other forms of violence against women, workers and the community;
- Creating specific procedures and mechanism accepted by all parties in dealing with complaints and grievances on gender-related issues;
- Provide adequate training and development to increase the awareness, skills and understanding of employees;
- Provide and create an opportunity to develop women's leadership at all levels; and
- Ensure effective participation of women in the decision-making process by encouraging them to participate in existing committees such as the Occupational Safety and Health Committee.

Lower female representation was observed in our plantation operation and this disparity is attributable to the nature of the work. The operation of estate including harvesting, transportation and estate maintenance works involves manual labour and physical task that are often perceived as more suitable for male workers. Achieving gender parity can only be effectively addressed by challenging stereotypes about job suitability based on gender and therefore requires ongoing efforts. This becomes a part of our objective to create a workplace that encourages and supports the career development and participation of female employees in all areas of our operations.

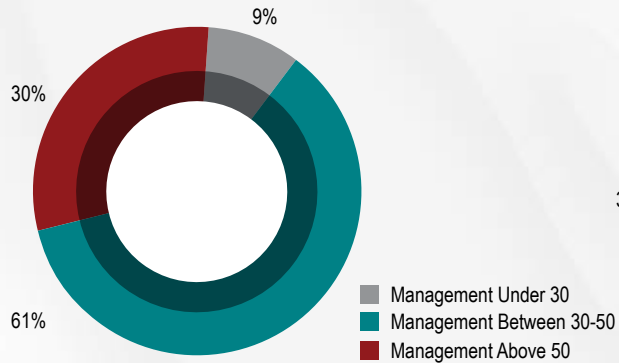




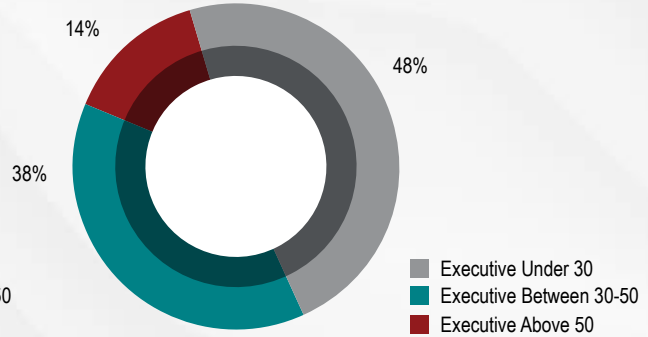
Corporate Sustainability Statement (Cont'd)

Percentage of Age Group by Employee Category

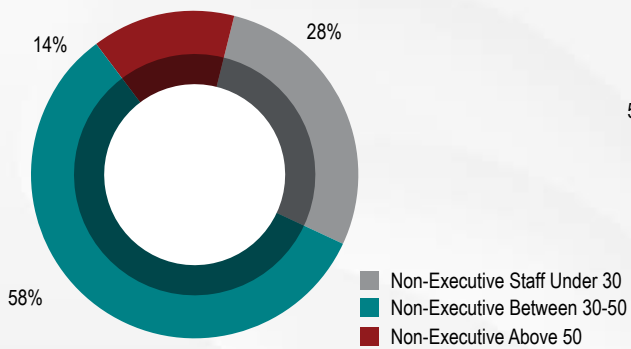
Age Group by Management Category



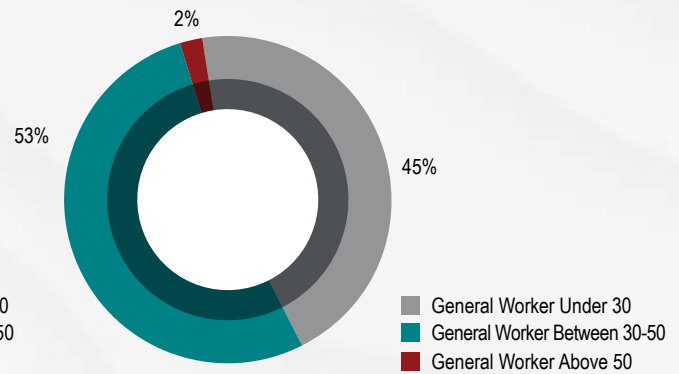
Age Group by Executive Category



Age Group by Non-Executive Category

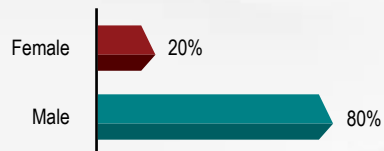


Age Group by General Worker Category

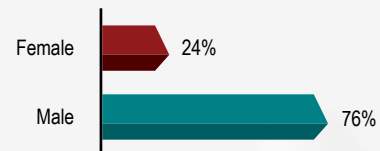


Percentage of Gender Group by Employee Category

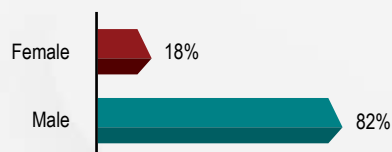
Gender Group by Management Category



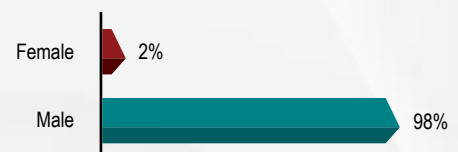
Gender Group by Executive Category



Gender Group by Non-Executive Category



Gender Group by General Worker Category

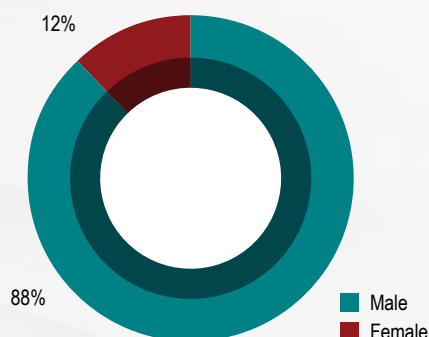




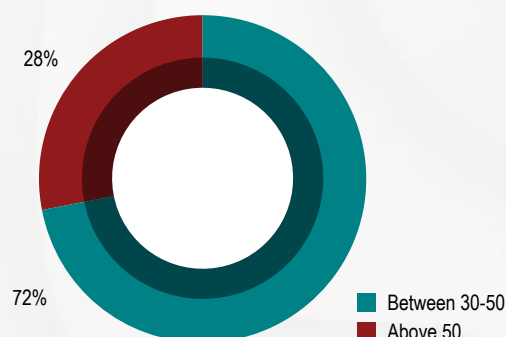
Corporate Sustainability Statement (Cont'd)

Percentage of Directors by Gender and Age Group

Percentage of Directors by Gender



Percentage of Directors by Age Group



Data Privacy and Security

FEHB protects our customer data information from unauthorised access, use and disclosure. We also protect the data from disruption, modification or destruction. FEHB has no cases reported regarding complaints concerning breaches of customer privacy and losses of customer data.

Labour Practices and Standards

Training Hours by Employee Category

Employee Category	Hours
Management	885
Executive	1,244
Non-Executive	1,403
General Workers	56
Total	3,588

Employee Turnover

We are monitoring our employee turnover rate to indicate our organisation's work culture, the effectiveness of hiring policies and overall employee management. An understanding of turnover rate compared to industry standards as well as global employee retention benchmarks can help our businesses drive growth and improve workforce engagement.

The employee turnover rate based on the headcount of 1,216 for 2023 is as follows:-

Employee Category	Nos.	(%)
Executive	2	0.16
Non-executive/Technical Staff	5	0.41
General Workers	110	9.05
Total	117	9.62



MANAGEMENT DISCUSSION AND ANALYSIS



Far East Holdings Berhad (“FEHB” or “the Group”) is pleased to present our Management Discussion and Analysis for the financial year ended 31 December 2023 (FY2023). This report outlines our efforts in realising our economic, environmental and social goals as our business and operations set down the path of sustainable growth now and in the future.

Overview of Business and Operations

FEHB is principally engaged in cultivation of oil palms, production and sales of fresh fruit bunches (“FFB”), crude palm oil (“CPO”), palm kernel (“PK”) and investment holdings.

We remain as a cultivator of oil palm and operator of palm oil mill producing FFB, CPO and PK respectively. As a progressive player in the plantation industry, we are committed to enhance our stakeholders’ value as we continue to yield high quality products and services underpinned by a conducive working environment and continuous engagement with the local community.

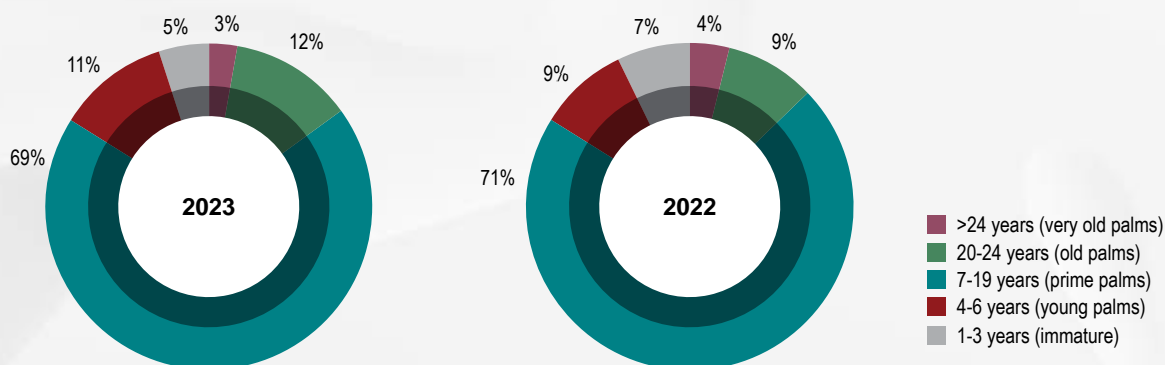
Area statement

As at 31 December 2023, approximately 95% of the total planted oil palm is classified as mature. The age profile of the Group’s palm oil tree for FY2023 is as below:-

Particulars	2023		2022	
	Hectare	%	Hectare	%
>24 years (very old palms)	532	3	696	4
20-24 years (old palms)	2,179	12	1,757	9
7-19 years (prime palms)	13,091	69	13,322	71
4-6 years (young palms)	2,137	11	1,761	9
1-3 years (immature)	959	5	1,373	7
Total	18,898	100	18,909	100

The total weighted average palm age is 13.48 years.

Age Group by Non-Executive Category



The Group has thirteen (13) estates across Pahang State namely Bukit Jin Estate, Chengal Estate, Sungai Rasau Estate, Sungai Seraya Estate, Sungai Batu Estate, DSK Estate, Cenderawasih Estate, Sungai Sawak Estate, Bukit Serok Estate, Dawn Estate, Cempaka Estate, Delima Estate and Rangkaian Estate.



Management Discussion and Analysis (Cont'd)

Our Group places paramount emphasis on implementing best agricultural practices across all its estates. All of our estates have obtained the Malaysian Sustainable Palm Oil ("MSPO") certification, whilst five (5) estates have obtained International Sustainability Carbon Certificate ("ISCC") certification during the financial year under review giving a competitive advantage to the Group to obtain premium prices for CPO and PK and elevate our brand while strengthening trust from the Group's customers. This is also an acknowledgement of our Group's adherence to good economic, environmental and social standards in the production of sustainable palm oil.

FFB Production

As at 31 December 2023, the total FFB production for the Group in the reporting year was 292,663MT against 327,769MT in year 2022. The following is the FFB production on quarterly basis for the year under review against preceding year:-

Quarter	2023 (MT)	2022 (MT)
Jan - Mar	61,693	60,682
Apr - Jun	53,529	69,195
Jul - Sept	82,586	100,400
Oct - Dec	94,855	97,492
Total	292,663	327,769

Most of the estates in FEHB Group achieved a very good yield in 2022. As a result, many estates experienced very low yields in the first half of 2023 as palms were recovering from the high yields produced in 2022. Yields in most estates only started improving in the second half year. However, heavy rainfall in December 2023 had to some extent affected crop recovery in that month.

The Group recorded higher FFB yield which was 16.31MT per hectare compared to average yield in Pahang State and Peninsular Malaysia in 2023 of 15.22MT per hectare and 16.09MT per hectare respectively.

The Group traded its CPO using the average price mechanism set by Malaysian Palm Oil Board ("MPOB"). In FY2023, CPO and PK were realised at an average price of RM3,802 per MT and RM2,018 per MT respectively (FY2022: Average CPO price of RM4,897 per MT and average PK price of RM2,953 per MT). Both CPO and PK recorded a decrease in average prices by 22% and 32% respectively as compared to previous year. Lower CPO and PK prices in FY2023 were mainly due to higher output, increasing inventory and change in the economic conditions of other oil crops.

Group Financial Review

Revenue

In FY2023, the Group's revenue was RM542.36 million, a decrease of 31%, compared to RM785.66 million registered in FY2022.

In FY2023, the Group's revenue had reduced when compared to FY2022 due to:-

- Lower average CPO and PK prices by 22% and 32% respectively. The average CPO price per MT was RM3,802 (2022: RM4,897) and average PK price per MT was RM2,018 (2022: RM2,953);
- Lower production of FFB by 35,106MT (11%); and
- Lower FFB processed from milling operations by 15,705MT (3%).

Profit Before Tax

The Group posted a profit before tax of RM129.46 million for the year ended 31 December 2023, lower by RM145.23 million (53%) when compared to the preceding year 2022 which was RM274.69 million mainly due to:-

- Lower average CPO and PK prices by 22% and 32% respectively;
- Lower share of profit after tax from associates by RM46.80 million (50%); and
- Lower FFB production by 35,106MT (11%).

Breakdown of the profit before tax is shown below:-

	2023 (RM'000)	2022 (RM'000)
Profit from plantation operation	68,638	165,971
Profit from milling operation	9,449	12,897
Other income	2,491	5,284
Fair value loss on biological assets	(742)	(828)
Fair value gain on investment property	2,000	-
Finance income	5,845	2,169
Finance cost	(5,252)	(4,632)
Share of profit after tax of associates	47,028	93,825
Profit Before Tax	129,457	274,686

Management Discussion and Analysis (Cont'd)

Plantation Operations

In FY2023, the Group's operation continued to face challenges from lower commodities prices after experiencing unprecedented high levels in FY2022. This price volatility arose from the changing global landscape amongst others the subsided impact of the Russia-Ukraine war and the lifting of export ban of palm oil by Indonesia from April to May 2023 which had pushed down the CPO price substantially in FY 2023.

After having a period of labour shortages due to COVID-19, overall labour situation had improved significantly and the Group managed to recruit 591 new foreign workers as compared to only 153 in FY2022. As at the year-end the number of foreign workers, based on net movement, was 70% higher than beginning of the year.

Amidst these challenges, our Group managed to achieve a satisfactory performance in FY2023.

Plantation is the core business of the Group which engages in the cultivation of oil palm and processing of palm oil, with operations in nursery, cultivation and crop oil extraction. Key results indicators for plantation are as below: -

	Unit	2023	2022
FFB Production	MT	292,663	327,769
CPO Production	MT	55,670	61,598
FFB Yield	MT/ha	16.31	18.69
CPO Yield	MT/ha	3.10	3.51
Average OER for CPO	%	19.02	18.79
Average CPO Price	RM/MT	3,802	4,897
Average PK Price	RM/MT	2,018	2,953
Mature Area	Hectare	17,939	17,536
Total Planted Area	Hectare	18,898	18,909

In FY2023, the average cost of FFB for the Group is recorded at RM326 per MT, 14% higher compared to the previous year of RM286 per MT, mainly due to recruitment expenses for foreign workers and higher wages in FY2023. The Group closely monitor the operating expenses at estates level as part of the cost control initiatives. In terms of operational efficiency, the Group managed to achieve average OER for CPO at 19.02%.

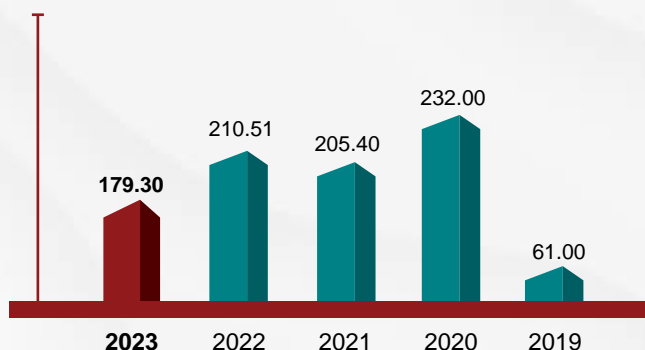
The estates continue to be monitored by qualified agronomists and planting advisors in order to ensure best practices for sustainable agriculture are being applied to produce good quality palms and fruits. Various analysis and studies are carried out on oil palm and the nutrient status, palm appearance, ground conditions, pest and disease affecting the palms and pruning method. Recommendations by our qualified agronomists ensure the best fertiliser programs are applied at estates.

Replanting

Concerted efforts are continuously made by the management to enhance the replanting activities based on our strong commitment towards enforcing sustainable practices. These developments remain of cardinal importance in terms of our Group's ability to further improve our agronomic productivities.

In FY2023, 179.30 hectares (443.05 acres) had been replanted and this reflects our continuous efforts to improve the age profile of our plantings and achieve better yields. In the year 2024-2028, 993.92 hectares (2,455.98 acres) are scheduled for replanting.

Replanting Data	
Year	Hectare
2019	61.00
2020	232.00
2021	205.40
2022	210.51
2023	179.30





Management Discussion and Analysis (Cont'd)

Milling Operations

Milling is a crucial part of the Group's operation which accounted for 74% of the Group's revenue for FY2023. The Group operates two (2) palm oil mills, namely Kilang Kosfarm Sdn. Bhd. ("KKSB") and Wujud Wawasan Sdn. Bhd. ("WWSB") with processing capacity of 60MT per hour for each mill. KKSB mill has obtained ISCC certification. The Group's revenue from milling operations is RM403.63 million, 32% lower when compared to FY2022 (RM595.02 million) which was mainly due to lower CPO and PK prices.

KKSB and WWSB recorded a total of 437,850MT FFB processed which is a slight decrease of 3% (15,705MT) in FY2023 (FY2022: 453,555MT). The production capacity of both mills remains at 60MT per hour (FY2022: 60MT per hour). The average OER for CPO and PK achieved by both mills for FY2023 are 20.17% and 5.27% respectively (FY2022: CPO OER 19.62%, PK OER 5.42%).

The mills supplied CPO to one of the Group's associates i.e. Future Prelude Sdn. Bhd. ("FPSB"), which is an integrated palm oil refinery and oleochemical company specialising in the production of several refined palm oil and oleochemical products as well as biodiesel using sustainable palm oil as feedstock. FPSB produces Refined Bleached and Deodorised Palm Oil ("RBD PO"), Refined Bleached and Deodorised Palm Kernel Oil ("RBD PKO"), Palm Methyl Ester ("PME" or "Biodiesel"), Glycerine ("Tech Grade"), Glycerine ("Pharmaceutical Grade"), Palm Fatty Acid Distillate ("PFAD"), using sustainable Crude Palm Oil ("CPO") or Crude Palm Kernel Oil ("CPKO") as feedstock.

Capital Structure

The Group has always maintained a conservative policy in respect of its cash and cash equivalents by ensuring minimum external borrowings are needed to finance capital expenditure and expansion of estates land and mill. Cash and cash equivalents stood at RM205.50 million as at 31 December 2023 (2022: RM244.15 million).

This approach has served the Group well and will ensure that we can utilise internal funds for replanting and other capital expenditure and at the same time to sustain a stable dividend to shareholders.

Capital Expenditure

During the year under review, the Group spent a total of RM16.27 million in capital expenditure as compared to RM16.52 million in FY2022. The capital expenditure incurred was mainly on replanting, upgrading of mills, constructions of staff and labour quarters, facilities in compliance of MSPO and ISCC certifications and purchase of agricultural equipment and vehicles. All capital expenditures were funded by internally generated funds.

Acquisition of the mill

On 28 February 2024, FEHB had entered into a Share Sale and Purchase Agreement ("SSA") with Endau Palm Oil Mill Sdn. Bhd. ("EPOM"), Rangkaian Delima Plantation Sdn. Bhd. ("RDPSB") and Insan Sejahtera Sdn. Bhd. ("ISSB") to acquire 100% equity interest in Merchong Palm Oil Mill Sdn. Bhd. ("MPOM") for consideration of RM10 million.

MPOM is a private limited company, incorporated on 9 April 2014. The principal activity of MPOM is operating a palm oil mill with a processing capacity of 60MT per hour. The mill was commissioned in October 2019 and is located at Tebu Hitam, Mukim Rompin, Daerah Rompin, Pahang; on a land sub-leased from F.E. Rangkaian Sdn. Bhd., a subsidiary of FEHB, at RM8,000 per month for a period of 30 years commencing from 21 April 2016.

Currently the Sungai Sawak Estate, Delima Estate and Rangkaian Estate in FEHB Group sell their FFB to MPOM averaging 3,500MT - 6,000MT per month.

Human Capital

The Group strongly believes in empowering workers through proper training as it is the critical component for sustaining a productive and environmentally conscious workforce. Skilled employees and experienced management team are our greatest assets. We remain committed to investing in human capital development to produce a team of high-calibre employees to support FEHB's growth.

Over the years, FEHB has focused on talent investment, training, leadership development and career planning initiatives to maintain a good quality pool of in-house talents within the Group. RM136,541 was spent for various training and development programmes.

We are focused on supporting our employees throughout their professional lives by implementing training and development programmes, as well as promoting values that engender positive working culture and work-life balance. Our operating units ensure continuous talent enrichment process by listening to their staff needs, and valuing their skills and contributions with fair remuneration and succession-planning initiatives.

In FY2023, the Group reached a total headcount of 273 people made up primarily of employees in estates who represent 57% (155 personnel) of Group's employees. The number of foreign workers had increased from 554 in FY2022 to 943 in FY2023.

Management Discussion and Analysis (Cont'd)



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.

We constantly review our employee value proposition to ensure it leads industry standards in attracting talent and building workplace loyalty. Through engagements and strategic partnership with higher education institutions nationwide, we reach out to new talent and promote the Group as an employer of choice that offers good career progression as well as productive work culture and workplace environment.

Creating Value for Shareholders

Despite the challenging environment that we operated in the past year, the Group remains committed to reward our shareholders with continuous returns in the form of dividends, whilst simultaneously recognising the needs to maintain sufficient reserves to support our Group's future growth objectives.

Weighing all the factors such as the funding needed for capital expenditure, future growth as well as operational requirements, the Board had declared an interim dividend of five (5) sen per ordinary share in respect of the 2023 financial year. The interim single tier dividend was paid on 10 January 2024.

The Directors had also recommended the payment of a final single tier dividend of six (6) sen per ordinary share and the proposed payment date is on 5 July 2024. The total dividends declared in respect of the financial year ended 31 December 2023 (if approved by the shareholders at the forthcoming Annual General Meeting) is eleven (11) sen per ordinary share.

Prospect

Looking ahead the Group will continue to focus on increasing yields and productivity. Emphasis will continue to be given to improve the agriculture conditions to unlock the full potential of our yields. All factors affecting yield are being thoroughly analysed and reviewed by our agronomists including to improve our canopy management, agronomic inputs, manuring regime and vegetative covers as well as to achieve 100% crop recovery by harvesting very tall palms, better loose fruit collection and improvement of supervision. In respect of replanting areas, we will continue to implement sound agriculture practices to ensure best yields are obtained. These include applying recommended replanting procedure by agronomist on infected field and monitoring the pest control activities from the early stages.

In addition, our Group has been proactively adopting new technologies for better agronomic management. The use of drones have augmented the monitoring and surveillance capabilities in the field, allowing more effective monitoring of estate conditions as well as rapid detection of hotspots and floods. Drone technology has also been employed for palm census and land mapping activities across our operations.

Year 2024 will continue to be a challenging year to the Group. The current trend in average selling prices of CPO is expected to persist. The weather pattern anticipated to move towards El-Nino may impact production and CPO prices. The Group also needs to remain vigilant against pressures on our cost base due to high operations costs and higher wages.

With these uncertainties, the Group is still positive to be able to generate satisfactory results for the year ending 31 December 2024.





AUDIT COMMITTEE REPORT

The Board of Directors of Far East Holdings Berhad ("FEHB") is pleased to present the Audit Committee Report for the financial year ended 31 December 2023 under Paragraph 15.15 of the Bursa Malaysia Securities Berhad's Listing Requirement.

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its Terms of Reference and held discussions with the external auditors, Head of Internal Audit and members of the management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties were identified, based on the reviews made and discussions held.

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS

The Audit Committee was appointed by the Board of Directors comprising of not less than three (3) members who are solely of Independent Non-Executive Directors.

The biography of each member of the Audit Committee is set out in the Directors' Profile section. Listed below is the current composition of the Audit Committee Members:-

Members	Membership	Appointment	Tenure on the Audit Committee (Years)
YH Datuk Mohd Afrizan bin Husain	Chairman, Independent Non-Executive Director	01.11.2018	5
Encik Nik Mohamed Zaki bin Nik Yusoff	Member, Independent Non-Executive Director	08.07.2015	8
Ms Ng Yee Kim	Member, Independent Non-Executive Director	20.07.2020	3

The Chairman of the Audit Committee is not the Chairman of the Board. None of the Audit Committee members is an alternate director or former partner of the external auditors of the Company.

The composition of the Audit Committee adheres to the requirements of Paragraph 15.09 (1) (c) of Bursa Securities Listing Requirements which stipulate that at least one (1) member of the Audit Committee must be a qualified accountant. All members of Audit Committee are financially literate, able to analyse and interpret Financial Statements, understand the financial reporting processes and matters under the purview of the Committee.

The Committee operates under the Terms and Reference of Audit Committee containing provisions that address requirements imposed by Bursa Malaysia and the Terms of Reference is published under the Governance & Policies section on the Company's website at www.fehb.com.my or can be obtained from the Company Secretary. The Terms of Reference was revised and approved by the Board of Directors on 22 February 2022.

During the financial year ended 31 December 2023, the Audit Committee held a total of five (5) meetings. Details are as follows:-

No.	1	2	3	4	5
Date	23 February 2023	22 March 2023	24 May 2023	22 August 2023	22 November 2023



Audit Committee Report (Cont'd)

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS (CONT'D)

The details of attendance of the Audit Committee members are as follows:-

Name of Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
YH Datuk Mohd Afrizan bin Husain	5	5
Encik Nik Mohamed Zaki bin Nik Yusoff	5	5
Ms Ng Yee Kim	5	5

The representatives of the external auditors, the Head of Internal Audit and members of the management attended the meetings upon the invitation by the Committee.

There was a private session held on 23 February 2023 with the external auditors without the presence of the Executive Directors and management to discuss on issues and significant matters highlighted by the external auditors.

The Company Secretary act as Secretary of the Committee. Minutes of each meeting are kept and circulated to the Audit Committee members and each Board member. The Chairman of the Committee reports on principal matters deliberated at each meeting to the Board.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The duties and responsibilities of the Committee are as follows:-

1. Financial Reporting

- To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval, focusing particularly on the following:-
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption;
 - (d) significant and unusual events;
 - (e) compliance with accounting standards, Bursa Malaysia Securities Berhad and other legal requirements; and
 - (f) public announcement of results and dividend payments.
- To obtain explanations from management regarding any unusual variances in the Company's annual financial statements from year to year, and review annually the independent auditors' letter of recommendations to management and management's response.
- To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- To consider and examine such other matters as the Board consider appropriate and beneficial.



Audit Committee Report (Cont'd)

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE (CONT'D)

2. External Audit

- Review the competency and performance of the external auditors.
- Consider and recommend the appointment, re-appointment, resignation, dismissal and remuneration of external auditors.
- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To recommend to the Board on the appointment and the annual re-appointment of the external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- To monitor the engagement of the external auditors in performing such audit services, considering the types of services rendered and its related fees, such that the position as auditor is not deemed to be compromised.
- Review the external auditors' proposed audit plan before the audit commences and discuss the nature, scope and approach of the audit and to consider the transparency report with respect to external auditors' audit engagement quality management.
- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
- Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.
- To review and assess the suitability, objectivity and independence of the external auditors, the Audit Committee establishes policies and procedures that consider among others:-
 - (a) the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - (b) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - (c) obtaining written assurance from the external auditors confirming that they are, have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- To review the coordination of the audit approaches where more than one audit firm of external auditors is involved and the coordination between the external and internal auditors.
- Identify any matters raised by the internal and external auditors in respect of which it considers that action or improvement is needed and reviewing recommendations as to the steps to be taken.



Audit Committee Report (Cont'd)

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE (CONT'D)

3. Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function.
- To decide on among others the appointment and removal, scope of work, performance evaluation and budget for the internal audit function.
- To approve the internal audit plan and review, the results of the internal audit plan or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
- Have final authority to review and approve the Annual Audit Plan and all major changes to the plan.
- Internal Audit should be carried out objectively and is independent from the management of the Company and the functions under audit. Thus, it is essential that the person responsible for internal audit reports directly to the Audit Committee.
- To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function.

4. Compliance

- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations and the result of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.
- Review procedures established to address allegations raised by whistleblowers, to ensure proportionate and independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- Review the findings of any examination by regulatory agencies and any auditor's observations.
- Review the effectiveness of measures put in place to combat corruption in the Company.

PERFORMANCE OF THE AUDIT COMMITTEE

The composition of the Audit Committee during the period under review had been made in accordance to the Bursa Securities Listing Requirements.

The Committee members were informed at the beginning of the year of the number of meetings scheduled during the year.

The Audit Committee members were given the agenda and relevant papers for the meetings at least five (5) days prior to the scheduled meetings.

The Board on a biennial basis had reviewed the terms of office and assessed the performance of each member of the Audit Committee appointed for the year based on the recommendation of the Nomination & Remuneration Committee.

The Board is satisfied that the Audit Committee has discharged its duties in accordance with the Terms of Reference.



Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the year, the Audit Committee has continued to assist the Board in fulfilling its oversight responsibilities in line with the Terms of Reference. The summary of work and the main matters that the Audit Committee considered during the year under review are described below:-

- Reviewed the Company's Financial and General Performance Report in order to ensure that the Board had been provided with sufficient information for announcements to Bursa Malaysia Securities Berhad.
- Reviewed the annual financial statements and quarterly results of the Group for the Board's approval.
- Reviewed the solvency assessment by the Management in relation to the declaration of dividends.
- Reviewed the Recurrent Related Party Transactions ("RRPT") entered to ensure that such transactions were carried out on normal commercial terms and were not prejudicial to the Company's interest or its minority shareholders.
- Reviewed the policy on RRPT of a revenue or trading nature and recommended to the Board for approval, adoption and inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPT pursuant to the Bursa Malaysia Listing Requirements.
- Reviewed the external auditors' audit plan, scope and areas of audits, evaluate the system of internal controls, audit findings, management's responses to the management letter given by the external auditors and the audit report.
- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment of existing external auditors and the audit fee thereof. The Audit Committee also considered the feedback from management on their evaluation of the external auditors based on the services provided on the external audits.
- Obtained written assurance from external auditors that they had been independent throughout the audit engagement for FY2023.
- Reviewed the adequacy of internal audit's resources and access to information to ensure the audit works were carried out effectively.
- Reviewed and approved the 2023 Internal Audit Plan.
- Reviewed the results of the Group's internal audit reports and the adequacy of remedial actions taken by the management as recommended in the reports.
- Reviewed follow-up actions by the management on any weaknesses in internal controls and accounting procedures as highlighted by the external and internal auditors.
- Reviewed the proposed revision in Accounting Policy on Fixed Asset Recognition and Company's Financial Authority Limit, prior to approval by the Board of Directors.
- Reviewed the Content of Annual Report, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control before submitting for Board's approval and inclusion in the Group's Annual Report 2022.



Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the in-house Internal Audit Department in maintaining a sound system of internal controls.

The Internal Audit function is independent and reports directly to the Audit Committee and administratively to the Executive Director/Chief Operating Officer.

The Internal Audit Department is headed by Encik Norfadli bin Mahrom. The biography of Head of Internal Audit is set out in the Management Profile section.

During the year under review, Internal Audit Department was supported by four (4) executives (including the Head of Internal Audit) and two (2) clerks. The staff are graduates with Bachelor degrees or diploma in various fields including accountancy and business administration. Continuous development training is undertaken to enhance and align the internal auditors' competencies and knowledge to the emerging risks and audit requirements.

The Internal Audit Department undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers areas such as the adequacy of financial and operational controls, risk management, compliance with laws and regulations, policies and procedures and management efficiency, amongst others.

The Internal Audit Department had carried out the scheduled audit for eleven (11) estates and also conducted special reviews on specific areas as directed by the management. All significant observations were highlighted during the audit exit meeting and follow-up on the observations were communicated and highlighted to the auditees, management and the Audit Committee.

The reviews on payments of workers' incentive and allowance were performed during the year 2023. The Internal Audit Department assisted the management to ensure that the deduction of penalty on the contractors and collection of workers' guarantee money and loan recovery from contractors were done by the estates as per established policy and procedures/instructions given by the Head Office.

The Internal Audit Department and the management had reviewed all RRPTs entered in 2022 in order to ensure that the transactions are fair and reasonable terms and not detrimental to the interest of the minority shareholders.

The Internal Audit Department had adequate resources to carry out its duties during the year 2023. The total cost incurred in managing the internal audit function in respect of the financial year was RM559,652 (2022: RM564,417). Lower internal audit function cost was mainly due to lower staff cost and travelling expenses.

This report is made in accordance with a resolution of the Board of Directors dated 25 March 2024.



CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT

The Board of Directors ("Board") of Far East Holdings Berhad ("FEHB") continues to subscribe and fully support the Malaysian Code on Corporate Governance ("MCCG") and is committed to maintaining a high standard of corporate governance statement practices within the Group. Hence, we devote considerable effort to identify and formalise best practices.

The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the Group and its ability to attract investment, protect the rights of shareholders and stakeholders and enhance shareholders' value.

The Board is pleased to report on the application of the Recommended Practices of the MCCG as required under the MCCG and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year under review.

The Board affirms that the Group will continuously apply the said principles and practices and where deemed appropriate, enhance the application thereof in pursuit of its commitment to the highest standards of corporate governance.

THE BOARD OF DIRECTORS

The Board

The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care of the Company as well as the Group's resources in enhancing the shareholders long-term value while taking into the interest of other stakeholders. The Board understands that upholding corporate governance value is not merely achieving the desired financial performance, but also promoting an ethical, professional and sustainable culture.

Terms of Reference (Board Charter)

The Board is mindful to protect the interests of its shareholders and stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference (Board Charter) which sets out the roles and responsibilities of the Board. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board Members and Senior Management. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives. The Board Charter is accessible on our website www.fehb.com.my.

Principal Roles

The principal roles of the Board is to protect and enhance long-term shareholders value. It sets the overall strategy for the Group and management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care in the best interests of the Company and its shareholders.

The Board is aware that an effective Board essentially comprises Directors who are fully committed, well informed and who possess diverse skills and experience relevant to the business that could contribute effectively to the growth of the Company.

As stipulated in the Board Charter, the Board has targeted to meet at least five (5) times a year, with additional meetings convened as and when necessary.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Balance

The current Board consists of seven (7) Non-Executive Directors and two (2) Executive Directors i.e. Senior Executive Director, Plantations & Milling and Executive Director/Chief Operating Officer with three (3) of the nine (9) Directors being Independent Non-Executive Directors with a synergistic mixture of businessmen, planters and professionals with the required technical expertise. This mix of skills and experience is vital for the successful direction of the Group.

All Directors, both executives and non-executives, independent and non-independent are aware of their legal obligations to exercise independence, unfettered judgment and to act in good faith with due care and skills.

The role of the Senior Executive Director, Plantations & Milling as well as Executive Director/Chief Operating Officer are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Senior Executive Director, Plantations & Milling has overall responsibility for the plantation and milling operating units, organisational effectiveness and implementation of Board policies and decisions. The Executive Director/Chief Operating Officer is responsible for the corporate matters of the Company covering amongst other financial, operation, governance, secretarial and human resources.

Each of the Board members is allowed to express opinion or views which is debated openly until a collective decision is made. The Chairman of the Board has played his role effectively to ensure that all resolutions are made after careful deliberation and discussion. All the while the presence of three (3) Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors are particularly important as they provide an unbiased and independent views, advices and judgments.

The Board acknowledges the importance of boardroom diversity and the establishment of a gender diversity policy. Two (2) female Directors sit in the Board whom are well versed with the corporate matters and the plantation industry.

Supply of Information

All Directors are furnished with an agenda and a set of Board meetings at least five (5) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the followings:-

- Quarterly financial report;
- A current review of the operations of the Group;
- Minutes of meetings of all Board Committees;
- Minutes of previous Board meetings;
- Major capital expenditure to be incurred; and
- Agreements transacted with other parties.

All proceedings of Board meetings are minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notices on the closed period for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance or whenever the closed period is applicable.

In recognising the importance of sound and timely information flow to the Board effectively, all announcements made to Bursa Securities will be circulated to all Directors on the day the announcements are released.

Senior Management is invited to be present at the Board Meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

In furtherance of their duties and responsibilities, Directors may obtain independent professional advice, where necessary at the Company's expense. The external advisers are sometimes sought by the Company to enhance both Board's and management's understanding of a particular emerging issue. The Board has direct access to the advice and services of the Company Secretary.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Meetings

Board meetings are scheduled in advance at the beginning of the calendar year with additional meetings convened when necessary. All Directors have complied with the Listing Requirements on attendance for Board meetings held during the financial year under review. Eight (8) Board meetings via physical and hybrid meeting were held during the financial year under review with details of meetings attendance of each Director are as follows:-

No.	Directors	Appointment Date	Meeting Attendance	Percentage %
1	YH Dato' Sri Kamaruddin bin Mohammed	16.08.2002	8/8	100
2	YH Dato' Suhaimi bin Mohd Yunus	05.07.2019	8/8	100
3	YH Datuk Mohd Afrizan bin Husain	01.11.2018	8/8	100
4	YH Dato' Asmin binti Yahya	20.07.2020	8/8	100
5	Mr Tee Kim Tee @ Tee Ching Tee	16.08.2002	8/8	100
6	Mr Tee Cheng Hua	16.08.2002	8/8	100
7	Mr Tee Lip Teng	23.07.2012	8/8	100
8	Encik Nik Mohamed Zaki bin Nik Yusoff	08.07.2015	8/8	100
9	Ms Ng Yee Kim	20.07.2020	8/8	100

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of FEHB evidenced by attendance record of the Directors at Board meetings, as set out in the above table. All the Directors attended all meetings during the financial year under review. A Director who is unable to attend any Board or Board Committee's meeting will notify the Chairman and/or the Company Secretary immediately prior to the meeting date. None of the Directors hold more than five (5) Directorships each in other listed corporations.

Appointments to the Board

Pursuant to the best practices promulgated by the MCCG, the Board has established a Nomination & Remuneration Committee ("NRC"), consisting of three (3) Directors. The duties and responsibilities of the NRC are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The NRC is guided by the specific Terms of Reference that is set by the Board. The primary objectives of the NRC amongst others are as follows:-

Nomination Function

- To assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive participation;
- To review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board;
- To recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an on-going basis as per Directors' Fit & Proper Policy; and
- To ensure there is sufficient succession planning and human capital and development focus in the Group.

Remuneration Function

- To recommend to the Board the remuneration framework for the Directors;
- To set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Group Chief Executive Officer as well as key pivotal positions; and
- To set out the policy and remuneration framework for employees of the Group.

The Terms of Reference of the NRC is posted at www.fehb.com.my.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Committees

The Board delegates specific responsibilities to the Board Committees, all of which have their written terms of references. These Committees have the authority to examine particular issues and report to the Board with their recommendations.

The Board delegates authority not responsibility to the Committee. During the financial year ended 31 December 2023, the three (3) principal Board Committees are:-

- (a) Audit Committee;
- (b) Nomination & Remuneration Committee; and
- (c) Risk Management and Environmental, Social & Governance Committee.

Re-Election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting ("AGM") immediately after their appointments.

Clause 76 and Clause 77 of the Constitution of Company expressly state that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

In accordance with Clause 76 of the Constitution of the Company, the Directors appointed during the year will retire at the forthcoming AGM under casual vacancy and are eligible for re-election at the forthcoming AGM.

In accordance with Clause 77 of the Constitution, one-third of the remaining Directors, including the Executive Directors, are required to submit themselves for re-election by rotation at the AGM.

To assist shareholders in their decision, sufficient information of the retiring Directors, such as personal profiles, meeting attendance and shareholdings in the Company are furnished in the Annual Report.

The Company had made a policy that an Independent Director should not serve the Company for more than nine (9) years. This could be evidenced by previous retirements of our Independent Directors namely Cik Sharina binti Bahrin, Encik Khairul Azahar bin Ariffin, Mr Ng Say Pin, YH Dato' Dr Ahmad bin Aman, Encik Hashim Naina Merican bin Yahaya Merican and YH Dato' Tan Bing Hua. In fact, it is the Company's practice to evaluate the Independent Directors as set by Paragraph 1.0 of the Listing Requirements.

Directors' Code of Ethics

The Directors are guided by the Code of Ethics as stipulated in part of the Board Charter as published in the website www.fehb.com.my.

Directors' Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/her duties as a Director and for that purpose he/she ensures that he/she attends such training programmes as prescribed by the Bursa Securities from time to time. All Directors attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Securities. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge. For the financial year ended 31 December 2023, all Directors had participated and attended seminar/course/conference/webinar as recommended and approved by the Board.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

A summary of training programme, conferences/webinar and seminar attended by Directors during the financial year under review is set out below:-

No.	Name	Course Attended	Date Attended
1.	YH Dato' Sri Kamaruddin bin Mohammed	Mandatory Accreditation Programme Part II: Leading for Impact MSWG Webinar: Fraud Risk Management Overview of Carbon Border Adjustment Mechanism (CBAM) by KMPG Board Leadership Centre	16.10.2023 - 17.10.2023 23.10.2023 25.10.2023
2.	YH Dato' Suhaimi bin Mohd Yunus	Bengkel Garis Panduan Pindah Penama Peserta Rancangan Sosial Kursus "Penanaman & Pemprosesan Nanas" Kursus "Sense of Urgency"	18.01.2023 22.02.2023 - 24.02.2023 11.07.2023 - 12.07.2023
3.	YH Datuk Mohd Afrizan bin Husain	Malaysia Insolvency Conference 2023 National Tax Conference 2023 Audit Committee Conference Persidangan Juruaudit Koperasi Mandatory Accreditation Programme Part II: Leading for Impact Auditing Standard ISQM 1 - Guide & Illustrative Manual (IGIM) 2024 Budget Seminar ESG Reporting and Disclosure	21.07.2023 01.08.2023 - 02.08.2023 14.09.2023 07.11.2023 16.11.2023 - 17.11.2023 24.11.2023 13.12.2023 18.12.2023
4.	YH Dato' Asmin binti Yahya	MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements The Science of Wellbeing SSM National Conference 2023	28.03.2023 13.07.2023 25.07.2023 - 26.07.2023
5.	Mr Tee Kim Tee @ Tee Ching Tee	Enhancing Estates Operation	30.01.2023
6.	Mr Tee Cheng Hua	MPOA National Palm Oil Conference 2023 (Palm Progress: Future-Proofing Competitiveness and Sustainability) MPOB International Palm Oil Congress and Exhibition (PIPOC 2023)	02.10.2023 - 03.10.2023 07.11.2023 - 09.11.2023



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

No.	Name	Course Attended	Date Attended
7.	Mr Tee Lip Teng	34 th Palm & Lauric Oils Price Outlook Conference & Exhibition (POC2024) MPOC Digital Market Forum: Navigating Market Opportunities & Challenges in 2023 Program Pemindahan Teknologi Sawit (TOT) MPOB 2023 IChemE Palm Oil Processing Special Interest Group (POPSIG) Webinar: Journey Towards Achieving Zero Liquid Discharge for Palm Oil Mill The Energy Transition Conference - Powered by TNB 4 th Palm Biodiesel Conference Mandatory Accreditation Programme Part II: Leading for Impact MPOB International Palm Oil Congress and Exhibition (PIPOC 2023) National Biomass Conference 2023 PORAM Annual Forum 2023	06.03.2023 - 08.03.2023 19.04.2023 06.07.2023 17.07.2023 28.08.2023 - 29.08.2023 02.10.2023 - 04.10.2023 16.10.2023 - 17.10.2023 07.11.2023 - 09.11.2023 07.12.2023 19.12.2023
8.	Encik Nik Mohamed Zaki bin Nik Yusoff	RHB Investor Forum - Political Stability: Mirage or Oasis? RHB Forum - Economic & Institutional Reform Post GE15 Mandatory Accreditation Programme Part II: Leading for Impact Securities Commission's AOB Conversation with Audit Committees	18.01.2023 11.07.2023 25.10.2023 - 26.10.2023 27.11.2023
9.	Ms Ng Yee Kim	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs Advancing Cyber Resilience: Board's Top 3 Must Knows The Shifts & Shocks Reshaping the Global Economy The Evolution of the Internet - The Metaverse & Decentralised Finance (Defi) Navigating the Rising Tide Of Financial Crime & Technology Mandatory Accreditation Programme Part II: Leading for Impact Managing Turnaround Situations for PLCs Securities Commission's AOB Conversation with Audit Committees	14.04.2023 25.05.2023 15.07.2023 16.07.2023 08.09.2023 25.10.2023 - 26.10.2023 02.11.2023 27.11.2023



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

DIRECTORS' REMUNERATION

The details of the remuneration for the Directors for the financial year ended 31 December 2023 are as follows:-

Group	Fees RM	Salaries and Bonus RM	Other Emoluments* RM
Group Executive Chairman**			
YH Dato' Sri Kamaruddin bin Mohammed	545,000	2,503,809	199,178
Senior Executive Director, Plantations & Milling			
Mr Tee Cheng Hua	375,000	1,444,438	180,000
Executive Director/Chief Operating Officer			
YH Dato' Asmin binti Yahya	270,000	994,578	134,100
Non-Executive Directors			
YH Dato' Suhaimi bin Mohd Yunus	80,000	-	46,000
YH Datuk Mohd Afrizan bin Husain	80,000	-	75,500
Mr Tee Kim Tee @ Tee Ching Tee	335,000	376,860	141,452
Mr Tee Lip Teng	80,000	-	40,500
Encik Nik Mohamed Zaki bin Nik Yusoff	80,000	-	70,452
Ms Ng Yee Kim	80,000	-	69,000

Company	Fees RM	Salaries and Bonus RM	Other Emoluments* RM
Group Executive Chairman**			
YH Dato' Sri Kamaruddin bin Mohammed	140,000	2,503,809	79,178
Senior Executive Director, Plantations & Milling			
Mr Tee Cheng Hua	80,000	1,082,838	64,000
Executive Director/Chief Operating Officer			
YH Dato' Asmin binti Yahya	80,000	994,578	47,100
Non-Executive Directors			
YH Dato' Suhaimi bin Mohd Yunus	80,000	-	46,000
YH Datuk Mohd Afrizan bin Husain	80,000	-	75,500
Mr Tee Kim Tee @ Tee Ching Tee	80,000	-	49,452
Mr Tee Lip Teng	80,000	-	40,500
Encik Nik Mohamed Zaki bin Nik Yusoff	80,000	-	70,452
Ms Ng Yee Kim	80,000	-	69,000

Note:

* Other emoluments include meeting allowance and benefit in-kind for the purpose of enabling the Directors to perform their duties.

** Redesignation to Non-Executive Director effective 1 January 2024.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

The details of the remuneration for the Senior Management for the financial year ended 31 December 2023 are as follows:-

Company	Salaries and Bonus RM	Other Emoluments* RM
Encik Nazaruddin bin Hasim	387,499	19,851
Encik Adnan bin Mustafa	219,286	11,500
Puan Noor Anisah binti Sabarudin	300,198	20,754
Puan Rosliha binti Husin	251,830	17,754
Encik Norfadli bin Mahrom	177,003	10,254
Encik Mohd Hafidz bin Shamsudin	129,757	8,004

* Other emoluments include meeting allowance and benefit in-kind for the purpose of performing their duties.

Development of Human Capital

The Board is also of the view that human capital development and management is one of the major concerns of ensuring continuous growth and sustainability of the Company. The Company has set a benchmark to promote internal candidates for succession planning. Core functions of the management operation had been identified and the supporting talents of individual functions are nurtured and developed in order to be prepared for advancement. The Board has delegated the authority for identifying key talent to the Senior Management of the Company.

The staff are given adequate training with the record hours of training attended is 3,588 hours for 273 staff.

Whistleblower Policy

The Company has established a Whistleblower Policy in response to Whistleblower Protection Act, 2010 which could be reviewed in detail at our website www.fehb.com.my. The Group's Whistleblowing Policy established in 2016 and was further revised in 2019 provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner.

The purpose of this Policy is to:-

- promote the importance of detecting improper conduct;
- encourage the reporting of improper conduct and any other matters that may cause financial or non-financial loss to FEHB or tarnish the reputation of FEHB; and
- protect people who report improper conduct in good faith from discrimination, harassment and retaliation.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

Anti-Bribery and Anti-Corruption Policy

The Company has established an Anti-Bribery and Anti-Corruption Policy ("Policy") in complying with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("the Act"), which could be reviewed in detail at our website www.fehb.com.my. The Group has taken reasonable and appropriate measures to ensure that its businesses do not participate in corrupt activities for its advantage or benefit. The Policy which was approved by the Board on 24 November 2022 sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. The Policy is supplemental to and shall be read in conjunction with the Group's Whistleblower Policy. With the introduction of Section 17A of the Act, the corrupt act of an associated person such as an employee, subcontractor or supplier will now be attributed to the commercial organisation, unlike before. Where a commercial organisation is charged with this new corporate offence, the Board Members must demonstrate absolute defense by proving that the organisation had adequate procedures in place in addition to the establishment of the Policy to prevent such associated persons from carrying out any corrupt activities.

The purpose of this Policy is to:-

- (a) provide information and guidance to the Directors and employees on standard of behavior to which they must adhere to and how to recognise as well as to deal with bribery and corruption; and
- (b) ensure observance and compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of the Directors and employees' duties.

Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy ("Policy") is established pursuant to the implementation of newly amended Paragraph 15.01A of the Listing Requirements by Bursa Securities.

The purpose of this Policy is to:-

- (a) set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of FEHB and its subsidiaries; and
- (b) serve as a guide to the Nomination & Remuneration Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.

Code of Business Conducts

This Code of Business Conducts ("the Code") provides guidance in resolving any business, legal and ethical issues that one may encounter in conducting business and standards of behaviour expected of the Board of Directors, Management, employees and all business partners of FEHB Group. The standards of behaviour are derived from the Group's Core Values and Business Principles.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

Code of Business Conducts (Cont'd)

FEHB's Core Values and Business Principles:-

- **Integrity**
Uphold high levels of personal and professional values in all our business interactions and decisions.
- **Respect & Responsibility**
Respect for the individuals we interact with and the environment that we operate in (internally and externally) and committing to being responsible in all our actions.
- **Excellence**
Stretch the horizons of growth for ourselves and our business through our unwavering ambition to achieve outstanding personal and business results.
- **Health, Safety and Environment**
Health and safety are important to our employees and the communities where we operate. We ensure our business operations are sustainable, by proactively addressing environmental challenges and respecting fundamental human rights, without sacrificing long-term economic value and creation.
- **Compliance**
Complying with all laws and regulations in the country that we operate.
- **Working with Local Communities**
Engaging with and contributing to local communities in a socially responsible manner wherever we operate, without compromising the benefits of any particular stakeholder.
- **Fair Business Practices**
Ensuring that we promote fair business practices and compete in an ethical manner.

The Code applies to the Board of Directors, Management and employees of FEHB Group. This includes employees on secondment to Joint Ventures, affiliates or associates (where necessary). Counterparties are also expected to comply with this Code. Business partners are encouraged to adopt similar principles and standards of behaviour.

Corporate Gift Policy

The Corporate Gift Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. The Policy is established in tandem with the Anti-Bribery and Anti-Corruption Policy of the Group and is approved by the Board.

Gifting is a widespread aspect as a customary practice in the country and that refusal of gift can sometimes be considered offensive. However, gifts can be seen as bribes and they may be intended to influence decisions of an organisation or create reciprocal obligations. While it is discouraged to accept or offer (directly or indirectly) gifts or entertainment from customers, suppliers, distributors, dealers or any other business associates of the Group, in some situations it may be considered customary to accept or offer gifts. The Corporate Gifting Policy defines guidelines and acceptable norms for accepting and offering of gifts.

The objective of this policy is to provide information and guidance to the Directors and employees on standards of behaviour to which they must adhere to and how to recognise as well as deal with corporate gifting. The Policy is not intended to be exhaustive and there may be additional obligations that Directors and employees are expected to adhere to or comply with when performing their duties. For all intents and purposes, the Directors and employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

OPENING TENDER COMMITTEE

Chairman	Encik Norfadli bin Mahrom	Manager, Division of Internal Audit
Members	Encik Mohd Fairuz bin Abdul Karim	Assistant Manager, Division of Secretarial & Corporate Affairs
	Encik Mohd Rusdi bin Rosli	Assistant Manager, Division of Sustainability & Governance
	Encik Mohd Abd Rahman bin Mohd Sapiee	Senior Executive, Division of Finance
Secretary	Cik Nur Fatin Amalina binti Nor Hasmi	Senior Executive (Legal & Secretarial), Division of Secretarial & Corporate Affairs

Note:

Representative of respective division will be present on behalf of absence members.

The Opening Tender Committee (“OTC”) is authorised to open tender for purchase of fertilisers, replanting or new development areas projects, infrastructure projects and purchase of fixed assets for an amount of RM100,001 and above. The OTC is responsible to oversee the opening tender process is carried out in accordance with the Group’s procurement policies including general evaluation criteria, Anti-Bribery and Anti-Corruption Policy and Code of Business Conducts. The OTC also must ensure that all tender forms and quotations are safely received and maintain fairness to all bidders by opening the tender in a timely and professional manner.

AUDIT COMMITTEE

Chairman	YH Datuk Mohd Afrizan bin Husain	Independent, Non-Executive Director
Members	Encik Nik Mohamed Zaki bin Nik Yusoff	Independent, Non-Executive Director
	Ms Ng Yee Kim	Independent, Non-Executive Director

The Audit Committee reviews issues of governance and compliance of accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee. The Audit Committee meets at least once a year with the external auditors without the presence of management of the Company.

The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report and published at www.fehb.com.my. The charter that is approved by the Board governs the activities of the Audit Committee. The Audit Committee meets at least quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2023 a total of five (5) Audit Committee meetings were held.

The Head of Departments in Head Office are invited to attend the Audit Committee meetings when deemed necessary by the Audit Committee for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities.

The Audit Committee meets with the Group’s external auditors annually to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary. There was a private session held on 22 February 2024 with the external auditors without the presence of management to discuss on issues and significant matters highlighted by the external auditors.

The Audit Committee Report is presented on pages 49 to 54.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

NOMINATION & REMUNERATION COMMITTEE

Chairman	Mr Tee Kim Tee @ Tee Ching Tee	Non-Independent, Non-Executive Director
Members	Encik Nik Mohamed Zaki bin Nik Yusoff	Independent, Non-Executive Director
	Ms Ng Yee Kim	Independent, Non-Executive Director

The Board based on the recommendation of the Nomination Committee in the meeting held on 23 February 2023 had resolved to merge the Nomination Committee and Remuneration Committee. The Nomination & Remuneration Committee ("NRC") comprises three (3) Non-Executive members, a majority of whom are Independent Directors. The NRC is governed by written Terms of Reference which ensures it deals clearly within its authority and duties, which is available on the Company's website at www.fehb.com.my.

Board Appointment Process

The NRC is responsible for recommending new nominees to fill vacancies on the Board as well as Board Committees. All nominees are initially considered by the NRC taking into consideration the required mix of skills, competencies and experiences as well as other required qualities such as commitment of time, integrity and professionalism before they are recommended to the Board for consideration and approval. The Board would consider recommendation from independent sources should the candidate fit the necessary skill sets and experience.

Board Evaluation Assessment

The NRC assists the Board in assessing the effectiveness of the Board as a whole, the Board Committees as well as the performance of each Director.

The results of the assessment and areas which required improvement were compiled and reviewed by the NRC which is then submitted together with its recommendation to the Board for consideration and approval. Overall, the Board is satisfied with the performance, roles and responsibilities of the Directors. The Board identified key areas that required enhancement and other areas where the Board could further solidify its strength. The Board would consider engaging independent experts periodically to facilitate the objective and candid board evaluations, as stipulated within the Board Charter if needed.

Re-Election of Directors

The NRC is also responsible for recommending to the Board such Directors for re-election at the AGM of the Group.

Independence of Independent Directors

In accordance with the Company's Constitution, all new Directors appointed by the Board to fill vacancies during the year are subject to re-election by the shareholders at the forthcoming AGM following their appointments. Additionally, at least one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the numbers nearest to one-third, shall be subject to retirement by rotation at least once every three (3) years. They will, however, still be eligible for re-election at the AGM. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders with the opportunity to evaluate the performance of the Directors and with the view to promote Board's effectiveness.

Directors subject to retirement by rotation pursuant to the Company's Constitution are initially considered by the NRC, taking into consideration their required mix of skills, competencies, experiences and other qualities required before they are recommended for re-election by shareholders. The Board has a set of criteria in assessing the independence and performance of Directors.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

NOMINATION & REMUNERATION COMMITTEE (CONT'D)

The NRC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the Code. The NRC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all shareholders' interests.

For the year 2023, none of the three (3) Independent Directors of the Board have served the Board for more than nine (9) years. The NRC has assessed and concluded that all the Independent Directors continue to demonstrate independence in their conduct and behavior, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgment, objectivity or the ability to act in the best interest of the Company.

Activities undertaken by the NRC during FY2023 were as follows:-

- (a) Assessed the competencies, commitments and contributions of the Directors standing for re-election at the AGM prior to tabling the same for the Board's recommendation to the shareholders;
- (b) Assessed the performance and effectiveness of the Board, Board Committees for the financial year under review in ensuring the right mix of skills, competencies, experiences, independence and other required qualities;
- (c) Reviewed the training and development programmes for Directors to address any deficiencies and to enhance the necessary skills required;
- (d) Reviewed and made recommendations on the composition of Board Committees;
- (e) Reviewed the appointment of female Directors for Board Diversity Policy;
- (f) Reviewed the sustainability of new directors to be appointed in the subsidiaries based on the Directors' Fit and Proper Policy criteria; and
- (g) Reviewed the assessment of pivotal positions in tandem with the Group's strategy in managing critical talent on succession planning.

RISK MANAGEMENT AND ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE

Chairman	YH Dato' Suhaimi bin Mohd Yunus	Non-Independent, Non-Executive Director
Members	YH Datuk Mohd Afrizan bin Husain	Independent, Non-Executive Director
	Mr Tee Lip Teng	Non-Independent, Non-Executive Director
	Mr Tan Keh Feng	Independent Member

The Risk Management and Environmental, Social & Governance Committee ("RM & ESG Committee") members which comprises three (3) Non-Executive Directors and one (1) Independent Member assists the Board in overseeing the risk management process within the Group, ensure risks which may have a significant impact upon the Group are identified in a manner which would result in its expeditious treatment and to manage risks by adopting best practice methodologies for the identification, analysis, evaluation, reporting, treatment and monitoring of risks. The RM & ESG Committee is governed by written Terms of Reference which ensures it deals clearly within its authority and duties, which is available on the Company's website at www.fehb.com.my.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Corporate Communication

The AGM is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company's AGM, which is generally well attended, shareholders have direct access to the Board and are given the opportunities to ask questions during open question and answer session prior to the motion moving for tabling of the Company's Audited Statements and Directors' Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide the questions with immediate answer to a significant question the Chairman will undertake to provide him/her with a written answer after the AGM.

The Company's e-mail address fareast@fareh.po.my is one of the means to communicate with the Company. The Board has appointed Encik Nik Mohamed Zaki bin Nik Yusoff, Senior Independent, Non-Executive Director as a Director responsible for Investor Relationship. Any queries with regard to the Group may be communicated to him. His e-mail address is nikmohamedzaki@fareh.po.my. Shareholders may also contact the Company Secretary or visit our website www.fehb.com.my for further information.

The Company always welcomes whistleblowers of any suspected wrongdoing and ensures that matters highlighted by the whistleblowers are scrutinised and appropriate action taken. Actions taken are guided by the Company's Whistle Blowing Policy that is in place.

Financial Reporting

The Directors recognise the responsibility for ensuring that accounting records are properly kept and the financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.

The quarterly results announcements to Bursa Securities reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects. The statement by the Board pursuant to Section 251(2) of the Companies Act, 2016 is presented on page 95.

Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial years and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2023, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and Malaysian Financial Reporting Standards in Malaysia.



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

RELATIONS WITH SHAREHOLDERS AND INVESTORS (CONT'D)

Internal Controls

The Group has established internal controls that cover all levels of personnel and business processes to ensure the Group's operations are effective and efficient as well as safeguarding the Group's assets and shareholders' interests. The Statement on Risk Management and Internal Control furnished on pages 75 to 88 of the Annual Report provides an overview of the state of internal controls within the Group.

Internal Audit

The Group has established an Internal Audit Department to assist the Audit Committee in the discharge of their duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board. The Internal Audit function includes evaluation of the processes by which significant risks are identified, assessed and managed. Such audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures consistent with the Group's risk management policy. The Internal Audit Department reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

External Audit

The Group independent external auditors fills an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

At the commencement of the audit, the external auditors present the Audit Planning Memorandum to the Audit Committee to detailed out the statutory audit strategy in order to ensure smooth completion of the audit to meet the Company's and the Group's financial reporting requirement.

The External Auditors have an obligation to report to those charged with governance key audit matters, issues affecting the financial statements and any weakness in the Group's system of internal controls and compliance discovered in the course of the audit. This includes the communication of any fraud detected.

ADDITIONAL COMPLIANCE STATEMENT

Group Audit Fees

The amount of audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2023 was RM384,000 (2022: RM384,000).

Group Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2023 was RM10,000 (2022: RM10,000).

Internal Audit

The Company's In-House Internal Audit Department had incurred expenses amounting to RM559,652 for the financial year ended 31 December 2023 (2022: RM564,417).



Corporate Governance Statement and Additional Compliance Statement (Cont'd)

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

Material Contracts

Notwithstanding the transactions disclosed in Recurrent Related Party Transactions, none of the directors and major shareholders had any material contracts with the Company during the financial year ended 31 December 2023 except as disclosed below:-

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN MERCHONG PALM OIL MILL SDN. BHD. ("PROPOSED ACQUISITION")

FEHB had on 28 February 2024 entered into a Share Sale and Purchase Agreement with Endau Palm Oil Mill Sdn. Bhd. ("EPOM"), Rangkaian Delima Plantation Sdn. Bhd. ("RDPSB") and Insan Sejahtera Sdn. Bhd. ("ISSB") to acquire 10,000,000 ordinary shares in Merchong Palm Oil Mill Sdn. Bhd. ("MPOM"), representing 100% equity interest in MPOM for a purchase consideration of RM10.00 million, satisfied entirely by cash and liabilities to be assumed by FEHB totalling RM52.86 million.

The Proposed Acquisition is deemed as a related-party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in view of the interests of certain directors and major shareholder of FEHB, further details as below:-

- (i) YH Dato' Sri Kamaruddin bin Mohammed is the director of FEHB and a shareholder of FEHB (holding 2.65% indirect equity interest in FEHB). He is also a director of RDPSB. He is also a director and indirect shareholder of MPOM. He is also a director and a shareholder of ISSB. He is deemed interested in the Proposed Acquisition by virtue of him being the director of RDPSB and ISSB and having interest in ISSB.
- (ii) Mr Tee Cheng Hua is the director of FEHB and a shareholder of FEHB (holding 1.48% direct equity interest in FEHB). He is also a director and indirect shareholder of MPOM and EPOM. He is deemed interested in the Proposed Acquisition by virtue of him being the director of EPOM and having indirect interest in EPOM as well as his family relationship with Mr Tee Kim Tee @ Tee Ching Tee, Mr Tee Lip Teng, YH Dato' Sri Tee Lip Sin, Mr Tee Lip Chuan, Mr Tee Lip Hian and Mr Tee Lip Jen.
- (iii) Mr Tee Kim Tee @ Tee Ching Tee is the director of FEHB and a shareholder of FEHB (holding 3.22% direct equity interest in FEHB). He is also a director and indirect shareholder of MPOM and EPOM. He is deemed interested in the Proposed Acquisition by virtue of him being the director of EPOM and having indirect interest in EPOM as well as his family relationship with Mr Tee Cheng Hua, Mr Tee Lip Teng, YH Dato' Sri Tee Lip Sin, Mr Tee Lip Chuan, Mr Tee Lip Hian and Mr Tee Lip Jen.
- (iv) Mr Tee Lip Teng is the director of FEHB and a shareholder of FEHB (holding 0.21% direct equity interest in FEHB). He is also a director and indirect shareholder of MPOM and EPOM. He is deemed interested in the Proposed Acquisition by virtue of him being the director of EPOM and having indirect interest in EPOM as well as his family relationship with Mr Tee Cheng Hua, Mr Tee Kim Tee @ Tee Ching Tee, YH Dato' Sri Tee Lip Sin, Mr Tee Lip Chuan, Mr Tee Lip Hian and Mr Tee Lip Jen.

The details of the transaction has been announced to Bursa Malaysia Securities Berhad on 28 February 2024.

Utilisation of Proceeds

No utilisation of proceeds undertaken during the financial year ended 31 December 2023.

Deviation

There was no material variation between the audited results for the financial year ended 31 December 2023 and the unaudited results previously announced for the similar period.

Disclosure

The disclosure of Practices set out in MCGG tabulated in Corporate Governance Report for financial year ended 31 December 2023 is accessible and can be downloaded on our website www.fehb.com.my.



RECURRENT RELATED PARTY TRANSACTIONS

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking the renewal from the shareholders for recurrent related party transactions of a revenue or trading nature, entered into between Far East Holdings Berhad ("FEHB") or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of FEHB scheduled to be held on 12 June 2024. The related party transactions for the Group are as follows:-

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 23.73%* equity interest in FEHB	09.09.1985 Malaysia	Trading of palm oil and palm kernel
PCHSB	FEHB directly holds 40%* equity interest in PCHSB	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PCHSB directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management services in oil palm plantations and marketing of sales and purchases of CPO
PPOPM	PCHSB directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Societies Act 1993) Malaysia	Operating of palm oil mill and cultivation of oil palm
LKPP Corp.	LKPP Corp. holds 5.96%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of PKPP. PKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
KSMB	KKSB indirectly holds 31.50%* stake in KSMB via its associated company i.e. Jaspurna Holdings Sdn. Bhd.	18.11.1993 Malaysia	Operating of palm oil mill
FPSB	FEHB and PCHSB directly hold 46.24%* and 42.89%* equity interest in FPSB respectively.	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives
MPOM	EPOM and Insan Sejahtera Sdn. Bhd. directly holds 60%* and 15%* equity interest in MPOM respectively.	09.04.2014 Malaysia	Operating of palm oil mill

* as at 31 March 2024



Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Legend:

EPOM	Endau Palm Oil Mill Sdn. Bhd.
FPSB	Future Prelude Sdn. Bhd.
KKSB	Kilang Kosfarm Sdn. Bhd.
KSMB	Kilang Sawira Makmur Sdn. Bhd.
PKPP	Perbadanan Kemajuan Pertanian Negeri Pahang
LKPP Corp.	LKPP Corporation Sdn. Bhd.
KOSMA	Koperasi Serbausaha Makmur Berhad
PTSB	Prosper Trading Sdn. Bhd.
PCHSB	Prosper Capital Holdings Sdn. Bhd.
RPOM	Rompin Palm Oil Mill Sdn. Bhd.
PGC	PGC Management Services Sdn. Bhd.
PPOPM	Prosper Palm Oil Products Marketing Sdn. Bhd.
WWSB	Wujud Wawasan Sdn. Bhd.
MPOM	Merchong Palm Oil Mill Sdn. Bhd.

Pursuant to Paragraph 10.02 of the Listing Requirements, the parties related to the FEHB Group, which have recurrent transactions of a revenue or trading nature with the Group are as follows:-

Sales of Fresh Fruit Bunches

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of FFB by FEHB to KKSB and WWSB	Based on MPOB pricing and forward sales
WWSB	Sales of FFB between KKSB and WWSB	Based on MPOB pricing and forward sales
PCHSB	Sales of FFB by FEHB and KKSB to PCHSB	Based on MPOB pricing and forward sales
RPOM	Sales of FFB by FEHB to RPOM	Based on MPOB pricing and forward sales
EPOM	Sales of FFB by FEHB to EPOM	Based on MPOB pricing and forward sales
KSMB	Sales of FFB by FEHB to KSMB	Based on MPOB pricing and forward sales
LKPP Corp.	Sales of FFB by FEHB to LKPP Corp.	Based on MPOB pricing
MPOM	Sales of FFB by FEHB to MPOM	Based on MPOB pricing and forward sales

Purchases of Fresh Fruit Bunches

Related Party	Nature of Transaction	Method of Pricing
FEHB	Purchases of FFB by KKSB from FEHB	Based on MPOB pricing and forward sales
KKSB	Purchases of FFB between KKSB and WWSB	Based on MPOB pricing and forward sales
PCHSB	Purchases of FFB by KKSB from PCHSB	Based on MPOB pricing and forward sales
RPOM	Purchases of FFB by KKSB from RPOM	Based on MPOB pricing and forward sales
KOSMA	Purchases of FFB by WWSB from KOSMA	Based on MPOB pricing
KSMB	Purchases of FFB by KKSB from KSMB	Based on MPOB pricing and forward sales



Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Sales of CPO

Related Party	Nature of Transaction	Method of Pricing
WWSB	Sales of CPO by KKSB to WWSB	Based on the MPOB/contract price
KKSB	Sales of CPO by WWSB to KKSB	Based on the MPOB/contract price
PCHSB	Sales of CPO by KKSB and WWSB to PCHSB	Based on the MPOB/contract price
RPOM	Sales of CPO by KKSB and WWSB to RPOM	Based on the MPOB/contract price
EPOM	Sales of CPO by KKSB and WWSB to EPOM	Based on the MPOB/contract price
PGC	Sales of CPO by KKSB and WWSB to PGC	Based on the MPOB/contract price
PPOPM	Sales of CPO by KKSB and WWSB to PPOPM	Based on the MPOB/contract price
KSMB	Sales of CPO by KKSB and WWSB to KSMB	Based on the MPOB/contract price
FPSB	Sales of CPO by KKSB and WWSB to FPSB	Based on the MPOB/contract price
MPOM	Sales of CPO by KKSB and WWSB to MPOM	Based on the MPOB/contract price

Purchases of CPO

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of CPO by WWSB from KKSB	Based on the MPOB/contract price
WWSB	Purchases of CPO by KKSB from WWSB	Based on the MPOB/contract price
PCHSB	Purchases of CPO by KKSB and WWSB from PCHSB	Based on the MPOB/contract price
RPOM	Purchases of CPO by KKSB and WWSB from RPOM	Based on the MPOB/contract price
EPOM	Purchases of CPO by KKSB and WWSB from EPOM	Based on the MPOB/contract price
PPOPM	Purchases of CPO by KKSB and WWSB from PPOPM	Based on the MPOB/contract price
KSMB	Purchases of CPO by KKSB and WWSB from KSMB	Based on the MPOB/contract price
FPSB	Purchases of CPO by KKSB and WWSB from FPSB	Based on the MPOB/contract price
MPOM	Purchases of CPO by KKSB and WWSB from MPOM	Based on the MPOB/contract price

Sales of Kernel

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of kernel by WWSB to KKSB	Based on the MPOB/contract price
WWSB	Sales of kernel by KKSB to WWSB	Based on the MPOB/contract price
PTSB	Sales of kernel by KKSB and WWSB to PTSB	Based on the MPOB/contract price
EPOM	Sales of kernel by WWSB to EPOM	Based on the MPOB/contract price
RPOM	Sales of kernel by KKSB and WWSB to RPOM	Based on the MPOB/contract price
KSMB	Sales of kernel by WWSB to KSMB	Based on the MPOB/contract price



Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Purchases of Kernel

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of kernel by WWSB from KKSB	Based on the MPOB/contract price
WWSB	Purchases of kernel by KKSB from WWSB	Based on the MPOB/contract price
EPOM	Purchases of kernel by WWSB from EPOM	Based on the MPOB/contract price
KSMB	Purchases of kernel by WWSB from KSMB	Based on the MPOB/contract price
RPOM	Purchases of kernel by KKSB and WWSB from RPOM	Based on the MPOB/contract price

Management Fee

The management fee charged includes the management services for technical services, marketing services, administrations and accounting services.

Related Party	Nature of Transaction	Method of Pricing
PGC	Management fee charged by PGC to KKSB, WWSB and KSMB	Based on agreed contract agreement for the management services

Aggregate Value During the Financial Year

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2023 is shown below:-

Related Party	RM'000
FEHB	101,060
KKSB	73,165
WWSB	815
PCHSB	47,258
RPOM	7,474
EPOM	7,505
KSMB	27,491
LKPP Corp.	1,636
KOSMA	156,239
PGC	2,189
PTSB	42,324
FPSB	209,719
MPOM	43,027
Total	719,902



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

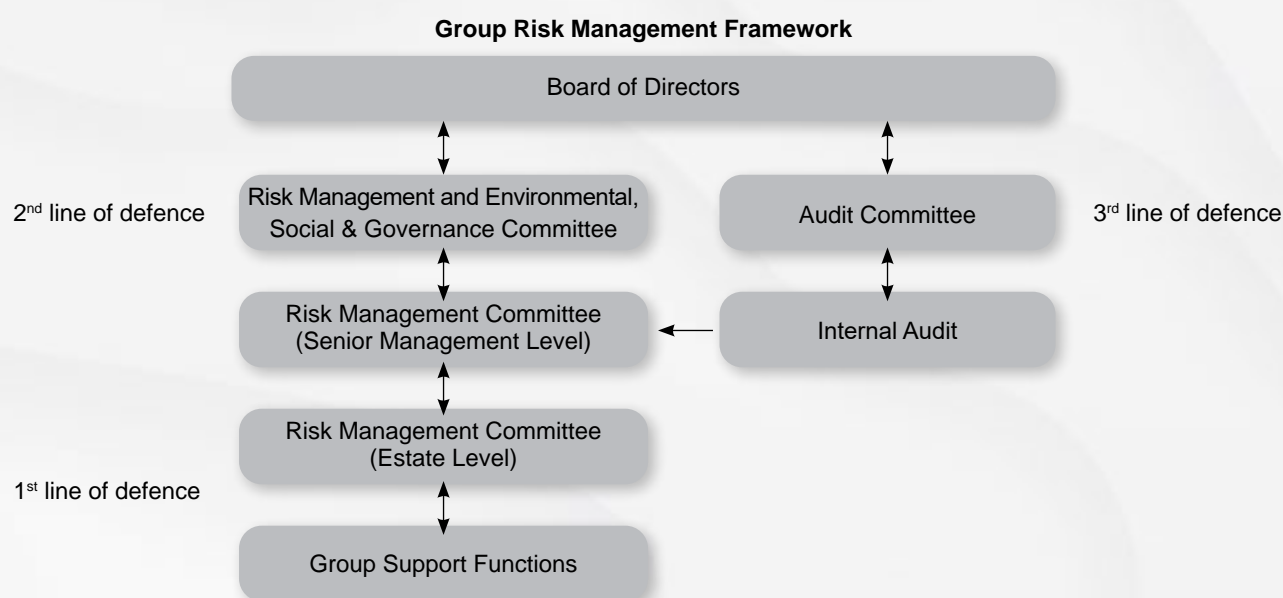
INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal controls within the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2023.

This statement has been prepared in compliance of Bursa Malaysia Guidelines for Listed Issuers. It outlines the key elements needed in maintaining a sound system of risk management and internal controls, in line with the Best Practices relating to Risk Management and Internal Control as stipulated in the Malaysian Code on Corporate Governance ("MCCG").

The Board takes cognisance of a robust Audit Committee, as well as strong risk management and internal control frameworks that can inculcate a healthy development of corporate governance culture within the Group.

Risk Management and Internal Control are integrated into the management processes and embedded in business activities of the Group.



RESPONSIBILITIES AND ACCOUNTABILITIES

Board of Directors

The Group is led by the Board. The Board affirms its overall responsibility for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity periodically. The system of internal control covers a broad spectrum of end to end business processes encompassing both the financial and non-financial risks.

The Board also recognises that a sound system of internal control can only mitigate risks, but acknowledges its limitations in eliminating the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Board of Directors (Cont'd)

Board Committees such as the Audit Committee, Risk Management and Environmental, Social & Governance Committee and Nomination & Remuneration Committee are established by the Board, and are governed by clearly defined Terms of Reference and authority for areas within their respective scope.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's financial risk management processes. The Audit Committee is also responsible for reviewing the Group's business process, the quality of the Group's accounting function, financial reporting and the system of internal control and enhancing the independence of both the external and internal auditors.

The composition of Audit Committee comprises solely of Independent Non-Executive Directors. The independence and financial literacy of its members are paramount in a well-functioning Audit Committee to ensure its members exercise an informed and impartial judgement in the fulfilment of the Audit Committee's mandate.

The Internal Audit Function adopts a risk-based approach and is independent of the activities they audit. Their work is based on an annual audit plan approved by the Audit Committee. In order to ensure independence, the Head of Internal Audit reports directly to the Audit Committee. Audit Committee meetings are convened once every quarter or as and when required.

Risk Management and Environmental, Social & Governance Committee

Risk Management and Environmental, Social & Governance Committee has been separately formed as Board Committee. The primary objective of the Risk Management and Environmental, Social & Governance Committee is to assist the Board in discharging its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the Group Risk Management Framework incorporates the necessary policies and mechanisms to manage the overall risk exposures of the Group. The Committee is also responsible to oversee the Group's Sustainability or interchangeably, environmental, social and governance related framework, strategy, external commitments, policies and practices as well as performances against relevant benchmarks such as external Environmental, Social & Governance rating or assessments.

The Risk Management and Environmental, Social & Governance Committee comprises majority Non-Executive Directors. The composition of the Committee during the period under review including the appointment of Mr Tan Keh Feng, who is a non-director had been made in accordance with the Terms of Reference. The biography of members of the Risk Management and Environmental, Social & Governance Committee is set out in the Directors' Profile section. During the financial year ended 31 December 2023, the Risk Management and Environmental, Social & Governance Committee held a total of two (2) meetings.

Risk Management Framework and Internal Control

The Board with the assistance of the Risk Management and Environmental, Social & Governance Committee and management undertook to identify the principal business risks in the critical areas of the Group. This involved assessing the likelihood of material exposures and identifying the appropriate safeguards to be taken and the required time frame to mitigate and minimise the impact of these risks. This was done through discussion and meetings at estates and senior management levels. The results of updated risks profiles were further deliberated by the Risk Management and Environmental, Social & Governance Committee prior to escalation to the Board.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

The top six (6) business risks that were rated as Significant and Medium are as follows:-

No.	Risk	Risk Likelihood	Impact
1.	Unfavorable Weather Condition	Significant	High
2.	Over-Dependence on Foreign Workers	Significant	High
3.	Yield Determining Factor in Oil Palm	Medium	Moderate
4.	Fluctuation of Crude Palm Oil Prices	Medium	Moderate
5.	Environment, Social & Governance	Medium	Moderate
6.	Factors Contributing to Oil Losses in Crude Palm Oil	Medium	Moderate

The details of principal risks reviewed and strategies adopted by the Board to mitigate the impact of the risks are as follows:-

(1) Unfavourable Weather Condition

The weather has a significant impact on palm oil production. Heavy rains and flooding in key palm oil growing regions have caused delays and disruptions to the harvesting and transportation of the crop. This is expected to lead to lower production numbers in the coming months. In addition, drought conditions in other areas have also impacted production. At the beginning of 2023 (i.e.: in February and March), several of the Group's areas were flooded. For all the affected estates, harvesting works were disrupted and affected the production of Fresh Fruit Bunches ("FFB").

To mitigate the impacts, the Group has carried out initiatives by desilting of drains and construction of new drains, maintaining the culverts, installed drainage blocks, construction of bunds in low lying or flood prone areas and construction of bridges for better access routes. The roads have been maintained in good condition to ensure that all roads are passable and no disruption on transportation of FFB.

Apart from that, palm oil producers including FEHB have experienced a range from weak to moderate El-Nino starting June 2023 to October 2023 with a low rainfall and temperature increase between 0.5 degree Celsius to 1.0 degree Celsius. As a results, the weight of harvested FFB decreased between 10% to 30% after the hottest months and had affected the high crop season from July 2023 to September 2023. El-Nino will worsen the impact of under-fertilisation and threatens to decrease yields. El-Nino is unlikely to affect production this year as it takes about 15 to 18 months for the impact to materialise.

To manage the impact, the Group has carried out an initiative at all the estates by ensuring timely application of fertiliser as well as utilisation of Empty Fruit Bunches ("EFB") to reduce moisture loss.

(2) Over-Dependence on Foreign Worker

The Government has approved 995,396 foreign workers' employment permits for employers in manufacturing sector at 387,122 permits, construction sector at 342,106 permits, service sector at 143,568 permits, plantation sector at 76,325 permits, agriculture sector at 45,899 permits and mining and quarrying sector at 376 permits.

Starting in March 2023, the Government decided to postpone the application and approval of the foreign workers quota including through the Foreign Worker Employment Relaxation Plan ("FWERP") until further notice. This is to ensure that employers who have been granted quota approval will start making plans for the immediate entry of the required foreign workers.



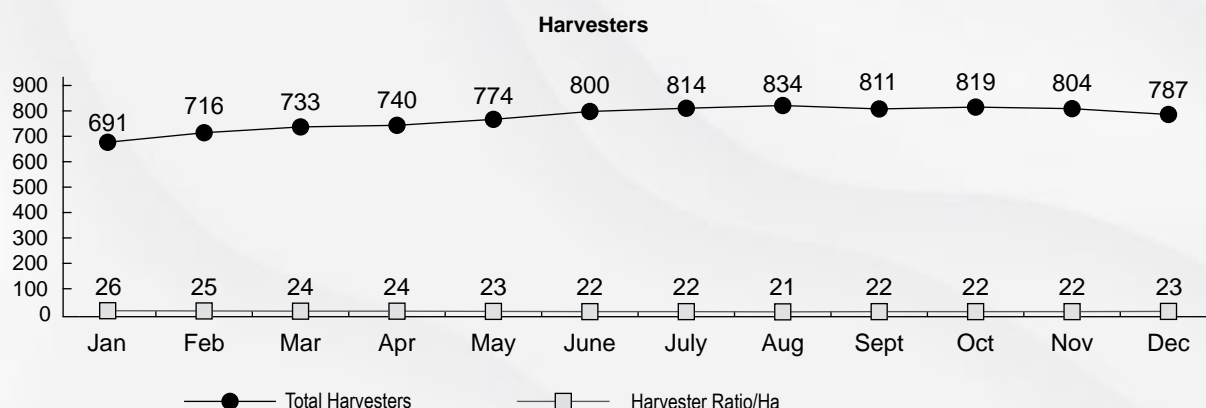
Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(2) Over-Dependence on Foreign Workers

FEHB has managed to obtain 1,104 quotas before the Government froze the new quota application. As at 31 December 2023, a total of 884 Indonesian workers and 120 Bangladesh workers have been recruited. Statistics of harvesters and ratio for FEHB's estates are shown below: -



FEHB has initiated the following strategies to optimise the productivity as well as to retain the workers:-

- (a) Maximise the usage of semi-mechanisation in-fields fruits collection;
- (b) Gradually replacing all the non-critical jobs or tasks to local workers such as loose fruit collectors, line sweeper and cleaner;
- (c) To bear the cost of extending the work permit for workers in Year 10 and for two additional years (Year 11 and Year 12); and
- (d) Creating incentive scheme to reward workers based upon operation-oriented performances and renewal of their permit with Immigration Department of Malaysia.

(3) Yield Determining Factors in Oil Palm

Seedling Material

High quality seedlings are an important starting point for the successful establishment of plantation in ensuring early fruiting and desired yields. The normal recommended seedlings plant in field ranges from 12 to 14 months. To ensure quality and purity of seedlings, FEHB has purchased the seedlings from trusted suppliers and licensed by MPOB.

Culling process must be carried out during the nursery stage to ensure that only the best seedlings to be planted in the fields and able to withstand the transplanting shock. Seedlings chosen will affect the production yield over the lifespan of palm oil tree of up to 25 years. Abnormal seedlings must be culled as retaining them will only result in wastage of cost and an expected yield could not be derived.

Untrained nursery operators may lead to improper nursery management which will potentially affect the quality of the seedlings. FEHB participated in the Code of Practice for Oil Palm Nursery ("CoPN") program whereby the assessment has been carried out every year by MPOB. CoPN program provides guidelines to nursery operators for producing high quality of oil palm seedlings as well as providing technical knowledge, best practices in nursery management and new technologies be used in oil palm nursery operations.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(3) Yield Determining Factors in Oil Palm (Cont'd)

Pruning

The organisation of oil palm leaves needs to have the youngest leaves appear on the top while the older ones at the bottom. About two leaves appear per month and it grows in spirals of eight on palm trees. The unproductive fronds which are dead and drying fronds should be discarded. Pruning is required in order to keep an optimum number of leaves on the palms. More fronds on palms are better as it can capture more sunlight and produce more fruit bunches. The palms without performing fronds pruning or excessive pruning of fronds would result to lesser and lighter bunches.

The Group mitigation strategy is to ensure that there is sufficient manpower for the pruning work. With the stable workforce in place, the Group successfully completed its pruning program in 2023.

Fertiliser Management

Efficient plant cultivation is secured with a sufficient supply of macro and micronutrients, including nitrogen, potassium, phosphorus and magnesium. With a lack of nutrients, adequate growing is impossible. The fertiliser requirements differ depending on the palms age profile, with bigger amounts for mature areas.

To mitigate the risk, the Group has applied fertilisers as per recommendation given by the Agronomist, to monitor application of each fertiliser according to the schedule, to ensure proper application and continuously identifies nutrient deficiency by conducting leaf sampling on yearly basis for the respective fields.

Climate Change

Climate change that affects rainfall patterns and the earth's temperature has worsened in recent years. Abiotic stress caused by climate change is the main environmental factor that inhibits the yield of most crops. Various types of abiotic stress such as drought as well as high temperature and salinity cause disturbances in the water status that have adverse effects on plants.

Productivity of palm oil is particularly vulnerable to the effects of climate change resulting in extreme conditions either from drought (El-Nino) or floods. This includes a decreased on rate of female flower production and a reduction in fruit bunch size and weight. Abiotic stress can affect fruit development and post-harvest quality of oil palm fruit and this is important in terms of economic value to the industry.

While unfavourable weather condition is beyond our control, the Group remain proactive in mitigating their impact. This includes ensuring timely fertiliser application according to program and improving drainage system to reduce the impact of the climate change.

Replanting

Palm oil yield declines with age after approximately 20 years. Thus, replanting aging oil palm in a timely manner is vital and necessary strategy for improving average yields that could enhance total palm oil production within existing areas, reducing pressures to expand development into sensitive and diminishing natural forest areas. Optimal replanting ages depend on various factors such as oil palm price, cost to establish new palms, availability of labour, period of time before new plantings can be harvested and capital costs associated with replanting.

Proper planning and analysis are crucial to mitigate the impact of tall or aging palms towards the yield. Maintaining stable and high levels of oil palm production within the current oil palm extent is a potential strategy to relieve deforestation pressure. Combining replanting with yield improvements could overcome potential declines in regional production.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(3) Yield Determining Factors in Oil Palm (Cont'd)

Replanting (Cont'd)

The Group has planned mitigation strategy by carrying out replanting program in-stages for the tall palms and low yield areas to ensure the production is sustainable. Replanting 5% annually, with or without yield improvement would achieve the most stable landscape-level production. With yield improvement, the Group's production could be increased to higher levels under any replanting rate. For the year under review, 179.30 hectares (443.05 acres) had been replanted and this reflects our continuous efforts to improve the age profile of our plantings and achieve better yields. The weighted average palm age is recorded at 13.48 years. In the year 2024 until 2028, 993.92 hectares (2,455.98 acres) are scheduled for replanting.

Particulars	2023		2022	
	Hectare	%	Hectare	%
>24 years (very old palms)	532	3	696	4
20-24 years (old palms)	2,179	12	1,757	9
7-19 years (prime palms)	13,091	69	13,322	71
4-6 years (young palms)	2,137	11	1,761	9
1-3 years (immature)	959	5	1,373	7
Total	18,898	100	18,909	100

Soil Management

Low yield was recorded in 2023 for Delima Estate and Sungai Sawak Estate at 10.14 mt/ha and 11.89 mt/ha respectively. Compared to other estates, both estates are categorised as peat soil estates, which present unique challenges. High water table with frequent flooding has resulted in lower yields due to a poor aeration of the palms rooting zone. This issue is closely related to climate change where high rainfall has resulted in the condition of the peat soil in the estates being constantly waterlogged and flooded when it rains.

To improve the estates' yield, the Group has implemented the Good Agricultural Practices by maintaining ground vegetation with natural covers which are not competitive for nutrients and water, proper fronds stacking to help reducing the run-off and soil erosion, construction of soil conservation (silt pit) and planting terrace, planning effective drainage and water management system including the right water control structures and ensuring adequate and timely fertilisers application by the estate management.

(4) Fluctuation of Crude Palm Oil ("CPO") Prices

Despite the external factors influencing world's palm oil prices, the Malaysian palm oil industry had demonstrated resilience in the first half of 2023. The benchmark CPO price on Bursa Malaysia remained robust at RM3,900 per metric tonne average year-to-date 2023, demonstrating the industry's adeptness at navigating challenges, while maintaining its competitive edge.

On the supply-demand picture, there were rising supply risks on the horizon and demand remained lackluster. Palm oil stocks rose 9.6% month-on-month to 2.31 million tonnes in September, the highest level since October 2022 (2.41 million tonnes) due to lower exports and a seasonally higher cropping pattern.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(4) Fluctuation of Crude Palm Oil ("CPO") Prices (Cont'd)

The ongoing Russia-Ukraine conflict had caused a surge palm oil demand as a substitute of sunflower oil. Another factor that supports the stability in prices is the resurgence of demand from India and China. Demand from India is expected to increase in the coming months, driven by the Diwali celebration in November 2023. In China, manufacturing activities have slowly increased although they remain below the expansion threshold of 50. As at August 2023, the Purchasing Managers' Index for China's manufacturing sector was at 49.7, which is a slight increase from July 2023 at 49.3.

Weather remains a key determinant factor for CPO yields, which will also impact the commodity's price in the international markets. Analysts are expecting that if El-Nino occurs, prices of CPO could climb higher. RHB Research foresees that the El-Nino phenomenon will be moderate this year. It is expected that CPO prices will range higher from current levels to RM4,000-RM4,500 per tonne once the impact of El-Nino starts to affect productivity in the second half of 2024.

Although the price of CPO fluctuates from time to time, the Group has established a mitigation plan to reduce the impact of CPO Price volatility through cost control mechanism, adjusting expenditure according to the budget estimate and programs to improve productivity.

(5) Environmental, Social and Governance Risk ("ESG")

ESG issues have gained prominence in the business sector primarily driven by socially conscious and institutional investors demanding increased attention in these areas. This focus has increased in recent years as the ESG focus is seen as a way of mitigating risks and identifying new opportunities. It has become an important business consideration across industries, including the palm oil industry.

ESG attempts to reconcile the impact of economic activity with the inescapable and inconvenient truth that palm oil is crucial to us. Our growing world relies on vegetable oils including palm oil. So, if it is not manufactured, it must be grown.

Continuous Focusing on Environmental

Biodiversity is one of the most significant environmental issues involving the agricultural sector. The Group has demonstrated its commitment to zero deforestation under the No Deforestation, No Peat, No Exploitation ("NDPE") policies. One notable change is the introduction of a cut-off date for deforestation effective 31 December 2019. These updates reflect the Group's commitment to addressing environmental concerns and promoting sustainability within the palm oil industry. This is on par with the requirement of a deforestation-free commodities regulation recently approved by the European Union parliament.

In the context of legal obligations, the Group are required to comply with the Malaysian Sustainable Palm Oil ("MSPO") standard. As the name implies, this standard ensures sustainable palm oil production in the country. In addition, the MSPO standard has recently been reviewed and revised by various non-governmental organisations such as the Worldwide Fund for Nature and palm oil growers and producers as well as the Academic Research on Palm Oil Sustainability Network. As a result of this collaborative effort, the revised MSPO standard has undergone significant changes.

The Group closely monitored its consumption of non-renewable energy baseline values arising from operations which the estates submitted on by monthly basis to ensure our usage of non-renewable energy meets our target. The Group also has started to use battery operated machineries to reduce the emission release from diesel tractors. Apart from that, the Group had installed solar lights at selected estates in order to save electricity consumption.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(5) Environmental, Social and Governance Risk ("ESG") (Cont'd)

Continuous Focusing on Environmental. (Cont'd)

The organic content within Pome has been transferred into a nutrient-rich fertiliser, revolutionising sustainable agriculture. Not only does this approach reduce the need for chemical fertilisers, but it also presents a responsible solution in reducing waste and environmental impact, further impacting Scope 3 emissions. By ensuring that Pome is transformed into biogas, manufacturers indirectly address the Scope 2 of Scope 3 emissions associated with their palm oil supply chain. While the emissions from Pome are not directly offsetted by the Renewable Energy Certificates (REC), the act of transforming Pome into biogas mitigates these emissions at the source.

An area of 121.41 hectares (300.00 acres) at Sungai Sawak Estate had been declared as preservation area, aligned with FEHB's commitment towards the preservation of High Conservation Value (HCV) area.

Approach Towards Sustainability

In terms of the social aspects, labour exploitation concerns such as forced labour, child labour, debt bondage, indigenous land rights as well as poor living and working conditions have been associated with the palm oil industry. As part of the NDPE policies, the Group is committed to respecting the rights of not only their workers but also indigenous people and local communities.

Nonetheless, society is not just about workers but also the surrounding community. In this context, it examines how the industry has improved people's quality of life. In a broader context, the Malaysian palm oil industry including FEHB has helped lift many people out of poverty including the Orang Asli community by providing more than 3 million direct and indirect employment opportunities and nearly 500,000 smallholders are involved in this industry.

Growing Towards Governance

The governance aspect involves evaluating the efficiency of a company's management and its commitment to prioritising the welfare of its stakeholders. The Group has an advantage in this regard as it possesses experience in meeting auditing requirements, particularly through mandatory sustainability certification programs such as MSPO. These initiatives greatly contribute to better understanding and fulfilment of the governance aspect within the framework of ESG principles.

The Group are well-versed in the corporate governance aspects of its operations. This includes demonstrating management commitment and fulfilling responsibilities, as well as ensuring compliance with legal requirements, including upholding customary rights, conducting business ethically and adhering to anti-bribery practices. Additionally, we have established systems to address complaints and grievances promptly and transparently.

The Group has also planned a continuous improvement plan for ESG. Below are the projects that will be carried out:-

- (a) Emphasise safety program and training for better understanding of safety in order to reduce accident at workplace;
- (b) Monitor closely the consumption of non-renewable energy baseline values to ensure the energy usage did not exceed the baseline values; and
- (c) Application of EFB to reduce consumption of non-renewable energy.



Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(6) Factors Contributing to Oil Losses in CPO

Planting Materials

The planting material has a significant influence on the FFB quality. The oil palm fruits in Malaysia are mainly divided into three generic forms which is Dura, Pisifera and Tenera. The hybrid of Dura and Pisifera ("DxP") produces Tenera variety that has high mesocarp oil content and becomes the basis of modern plantation and commercial oil palm today.

The Group has taken the initiative to use clonal materials (Yangambi) as planting materials for the replanting. The results of various progeny trials under inland conditions and also under flat terrain with high water table have shown conclusively that Yangambi has produced good oil yields. Other than producing high yields, Yangambi also gives bigger fruit size, thicker mesocarp and reduced spikiness of the bunches which was more desired by the Malaysian oil palm industry.

On another note, the FFB production capability and OER among the Teneras depend on their genetics. To increase oil yield, a hybrid oil palm seed with unique characteristics was produced by an oil palm research centre known as Applied Agricultural Resources Sdn. Bhd. ("AAR"). The hybrid has features such as lower height, longer economic life span, shorter and lighter fronds, compacted crown, a high number of FFB and smaller palm size that can facilitate harvesting. Considering AAR seedling as our planting materials could help to improve the OER as well as to increase the oil content in the oil palm bunches.

Loose Fruit Collection

In the harvesting process, it is important that the workers diligently collect all the loose fruits as loose fruits contain more oil components as compared to bunches. All loose fruits should be collected without contamination by ground debris and stone to maintain high OER. Uncollected loose fruits have been identified as one of the factors that contribute to oil losses as the loose fruits constitute approximately 7-8% of FFB weight that contributes to 3-4% of OER.

Loose fruits collection in the Group's operation has improved in the past few years as estates had assigned local Orang Asli people to execute the work. The Group also has established a special task force team to inspect the work of loose fruits collection in each estate. The purpose of this team is to ensure that each estate practices GAP by ensuring that there are no uncollected loose fruits.

Ripeness Standard

Oil losses could occur during harvesting work by harvesting underripe or overripe bunches. The important process in oil palm plantation is to harvest FFB at the optimum ripeness for maximum oil yield. The extraction rate obtained by the factory is greatly affected by oil palm fruit ripeness standards since the oil content of fruit increases rapidly.

The ripeness standard is defined by reference to the number of loose or detached fruits, with ten loose fruits on the ground. The maturity level influenced oil yield and Free Fatty Acids ("FFA") content. Overripe bunches will result in a higher yield effect but the lower oil quality which is caused by higher FFA content.

The harvesting interval should be adapted to the speed at which loose fruits detach from the ripe bunch to minimise losses from uncollected loose fruits and overripe bunches. Harvesting rounds are usually extended during the peak crop season whereby the loose fruits detached are more than the optimum requirement.

The Group are currently maintaining the two rounds of harvesting per month. To ensure no delay in the harvesting and collection process, the Group has maximised the usage of mechanisation as well as to recruit sufficient harvesters to ensure no extended harvesting rounds especially during peak crop season.



Statement on Risk Management and Internal Control (Cont'd)

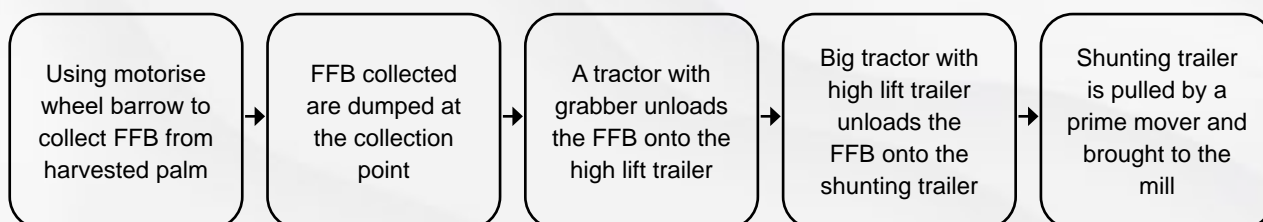
RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Control (Cont'd)

(6) Factors Contributing to Oil Losses in CPO (Cont'd)

Transportation of FFB

FFB evacuation is one of the important processes to ensure FFB are delivered to the mills within the timeframe. It is crucial to have a proper transportation system to ensure that the FFB is delivered to the mills within 24 hours to avoid oil losses. Double handling of the FFB also should be avoided to ensure that the high quality of FFB is processed by the mills. Most of these estates no longer use the ramp system to avoid double handling for FFB. The diagram below show the FFB evacuation system that FEHB has been practicing: -



For smooth evacuation process, FEHB has been maintaining the estates' road with a road grading program which is done on yearly basis. The estates have targeted the selected roads to be graded to ensure the roads are passable and in good condition.

Labour Shortage

Palm oil sector is reliant on foreign labour and has struggled to bring in more workers for year 2022. Field workers are the core structure of the Group's operation. Any shortfall in this workforce triggers a cascading effect that will lead to decrease production of FFB primarily regarding harvesting and transporting of FFB.

Harvesters are the main workers that impact directly towards oil losses in oil palm. Shortage of harvesters will result in low production and unharvested of FFB. With the entry of the foreign labour coupled with the mechanisation implementation, the Group managed to resolve the shortage and was able to complete most of the operational works in the estates for the financial year 2023.

INTERNAL CONTROL SYSTEM

The Internal Audit Function reviews the operational procedures and processes to ensure the effectiveness and integrity of the Group's internal control system.

Other Key Elements of Internal Control System

The other key elements of the Group's internal control system which has been reviewed by the Board are as follows:-

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion.

The Group Executive Chairman, together with the Senior Executive Director, Plantations & Milling and Executive Director/ Chief Operating Officer lead the presentation of Board papers and provide comprehensive explanation of pertinent issues.

It is a prerequisite for every decision recommended by management to undergo thorough deliberation and discussion by the Board. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.



Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority**

The Board is headed by the Group Executive Chairman who ensures the Group operates within its mission and established policies to enable the Group to meet its objectives in enhancing shareholders' wealth.

The monitoring and managing of the Group operations are delegated to the Senior Executive Director, Plantations & Milling and Executive Director/Chief Operating Officer, both actively involved in day-to-day operations of the Group.

There is a clearly defined organisation structure which outlines the responsibilities lines and authorities to ensure proper and clear delegation of responsibilities to Committees of the Board and to the management.

- **Performance Management Framework**

Comprehensive management reports covering the Group and Company's performance are presented to the Board at its regular meetings. The reports are consistently generated to update the Board and the management on the performance of various operating units. During the period under review, the Internal Audit Department had presented their results on scheduled audit exercises for eleven (11) estates and special reviews on specific areas as directed by the management.

The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group also has a detailed budgeting process with an annual budget approved by the Board. Actual results are reported monthly against budget and major variances are reviewed and corrective actions are taken, where necessary.

Internal Audit visits are systematically organised over a period to monitor compliance with policies, procedures and assess the integrity of financial and operational information provided.

- **Operational Policies and Procedures**

The Group operates in accordance with a set of established operational policies and procedures. The operational policies and procedures are reviewed periodically to ensure that they remain effective and relevant to support the Group's business activities at all times as it grows. The policies also facilitate compliance to regulations, listing and governance requirements. Management is responsible for the periodic review of operational policies and procedures.

- **Review of Recurrent Related Party Transactions**

All recurrent related party transactions are dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. The Board and the Audit Committee review the recurrent related party transactions annually.

- **Financial and Operating Manuals**

The Financial and Operating Manuals set out the policies and procedures for day-to-day operations and act as a guideline as to proper measures to be undertaken in a given set of circumstances. The manuals enable tasks to be carried out within a set of flexible rules with minimal supervision.

The management took a proactive action by distributing circulars to all estates in order to update on any changes of standard operating procedures.



Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **Financial Authority Limits**

The Financial Authority Limits defines the revenue and capital expenditure limits for each level of management within the Group. This internal control acts as a check and balance before any financial expenditure is actually incurred.

- **Tender Committee ("TC")**

The TC is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by the Group. The Committee will oversee that the tender process is carried out in accordance with the Group's procurement policies including general evaluation criteria, anti-corruption policy and codes of conduct and thereafter recommend the said procurement policies and procedures to the Board for approval. The proper delegation of authority was given by the Board to the TC. In order to ensure transparency within the Group, the TC's appointment, composition, duties and responsibilities and management are clearly stated in its revised Terms of Reference dated 23 February 2021.

The TC is assisted by Opening Tender Committee ("OTC") effective from 14 October 2021. The OTC is authorised to open tender for purchase of fertilisers, replanting or new development projects, infrastructure projects and purchase of fixed assets for an amount of RM100,001 and above.

- **Plantation Advisory Services**

The Group outsourced its Plantation Advisory Services which is entrusted with monitoring the achievement and maintaining KPI benchmarks for the plantation sector. Any deviation from the agreed standards and poor performances in the estates is reported to Senior Executive Director, Plantations & Milling and the management. From the report, corrective measures and remedial actions are identified to be taken to improve the performance.

- **Plantation Coordination Meeting**

As a proactive measure to achieve greater cooperation and coordination to enhance productivity and quality, the Group has established plantation operations and management coordination meetings, which meet regularly throughout the year.

- **Security Unit**

Security for the Group is enforced by an in-house security unit which oversees all security issues faced by the business units within the Group and security guards personnel.

Continuous surveillance and improvement in security control had complemented the internal control system to safeguard the Group's assets against material loss.

The scheduled and random narcotic urine examinations were performed by the Security Unit in order to ensure a healthy environment within the Group's business units and to safeguard the security of FEHB's property and personnel.

The Security Unit had conducted surprise visits to check on manuring application by estates.

The inspection on labour quarters is also performed by the Security Unit on quarterly basis covering cleanliness and amenities.



Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **International Sustainability and Carbon Certification (“ISCC”) and Malaysian Sustainable Palm Oil (“MSPO”) Certification**

The Group advocates sustainable oil palm cultivation. The Group obtained ISCC for five (5) estates and one (1) mill. The Group also obtained the MSPO certification for thirteen (13) estates.

In order to ensure compliance of our Sustainable Palm Oil Policy, proper channels are established and report on any grievance can be lodged by all stakeholders under Sustainability section on the Company's website at www.fehb.com.my or e-mail to sustainability@fareh.po.my or through phone call at Company's registered lines. All grievance reports are published into the Company's website.

- **Code of Business Conducts**

As a responsible corporation, FEHB has always been committed to encouraging transparent and good ethical conduct and upholding a good image of integrity, transparency and accountability in all aspects of its business. In affirming the Group's full commitment to combat bribery and corruption, the Group has adopted an Anti-Bribery and Anti-Corruption Policy. The policy is applicable to all Directors and employees of the Group. The policy was revised by the Board on 24 November 2022.

The Directors' Fit and Proper Policy was established on 14 June 2022 pursuant to the implementation of newly amended Paragraph 15.01A of the Main Market Listing Requirement by Bursa Malaysia Securities Berhad.

The Board also had established and approved the Corporate Gift Policy and Code of Business Conducts on 23 November 2022 and 8 December 2022 respectively.

All related policies are published under Governance & Policies section on the Company's website at www.fehb.com.my.

- **Whistleblowing Channel**

The Group's Whistleblower Policy provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conducts or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner. The Whistleblower Policy is published under Governance & Policies section on the Company's website at www.fehb.com.my.



Statement on Risk Management and Internal Control (Cont'd)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised: February 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respect:-

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problem.

CONCLUSIONS

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system to safeguard the interests of the Group's stakeholders, their investments and the Group's assets. The Board has received assurance from the Senior Executive Director, Plantations & Milling and Executive Director/Chief Operating Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. The management has taken the necessary measures to improve the risk management and internal control system by continuously reviewing, monitoring and considering all risks faced by the Group to ensure that the risks are within acceptable levels within the Group's business objectives.

For the financial year under review, there were no material internal control failures or adverse compliance events that have directly resulted in any material loss to the Group. This Statement on Risk Management and Internal Control does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams.

This statement has been reviewed and approved by the Board of Directors on 25 March 2024.



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DIRECTORS REPORT

DIRECTORS REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in cultivation of oil palms, production and sales of fresh fruit bunches, crude palm oil and palm kernel and investment holding. The principal activities of its subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year, net of tax	105,419,806	83,387,908
Attributable to:		
Owners of the Company	98,515,565	83,387,908
Non-controlling interests	6,904,241	-
	105,419,806	83,387,908

DIVIDENDS

As disclosed in the prior year's report, on 27 April 2023, the Directors had declared a final single tier dividend of 10 sen per ordinary share amounting to RM59,383,799 for the financial year ended 31 December 2022, which was approved by shareholders on 14 June 2023 and paid on 6 July 2023.

On 24 November 2023, the Directors had declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2023 amounting to RM29,691,899, which was paid on 10 January 2024.

The Directors now recommend the payment of a final single tier dividend of 6 sen per ordinary share amounting to RM35,630,279 for the financial year ended 31 December 2023. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



Directors Report (Cont'd)

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

YH Dato' Sri Kamaruddin bin Mohammed *
 YH Dato' Suhaimi bin Mohd Yunus
 YH Datuk Mohd Afrizan bin Husain
 YH Dato' Asmin binti Yahya *
 Mr Tee Kim Tee @ Tee Ching Tee *
 Mr Tee Cheng Hua *
 Mr Tee Lip Teng
 Encik Nik Mohamed Zaki bin Nik Yusoff
 Ms Ng Yee Kim

* These Directors are also directors of subsidiaries included in the financial statements of the Group for the financial year.

In accordance with Clause 77 of the Company's Constitution, YH Dato' Sri Kamaruddin bin Mohammed, YH Datuk Mohd Afrizan bin Husain and Ms Ng Yee Kim retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding those who are Directors of the Company) during the financial year and at the date of this report are:

YAB Dato' Sri Wan Rosdy bin Wan Ismail
 YB Dato' Abd Aziz bin Haji Mat Kiram
 YB Tuan Khaizulnizam bin Mohamad Zuldin
 YB Tuan Mohd Sharim bin Md Zain
 Tuan Dr Wan Muhammad 'Aiman bin Wan Rosdy
 Tuan Haji Hashim Naina Merican bin Yahaya Merican
 Mr Tan Keh Feng
 Mr Tee Lip Jen
 Madam Tee Chain Yee
 Mr Man Foh @ Chan Man Foh
 Tuan Haji Ismail bin Abd Rahman
 Puan Hajah Zuraida binti Aw Said
 YH Dato' Haji Zamri bin Mohamed
 YBhg Dato' Zahari bin Abdul Aziz
 YB Dato' Saiful Edris bin Zainuddin
 YH Dato' Zazali bin Haron

(Appointed on 14 August 2023)
 (Appointed on 14 August 2023)
 (Appointed on 14 August 2023)
 (Resigned on 22 May 2023)
 (Resigned on 14 August 2023)
 (Appointed on 22 May 2023 and
 resigned on 14 August 2023)



Directors Report (Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of financial year in shares or in debentures of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 01.01.2023 Unit	Addition Unit	Sold Unit	At 31.12.2023 Unit
Direct interest				
YH Dato' Suhaimi bin Mohd Yunus	100,000	-	-	100,000
YH Datuk Mohd Afrizan bin Husain	100,000	40,000	-	140,000
YH Dato' Asmin binti Yahya	320,600	17,000	-	337,600
Mr Tee Kim Tee @ Tee Ching Tee	19,578,720	101,200	(530,000)	19,149,920
Mr Tee Cheng Hua	8,762,200	-	-	8,762,200
Mr Tee Lip Teng	1,260,000	-	-	1,260,000
Encik Nik Mohamed Zaki bin Nik Yusoff	62,500	-	-	62,500
Indirect interest				
YH Dato' Sri Kamaruddin bin Mohammed ^	14,260,000	1,500,000	-	15,760,000

^ Indirect interest by virtue of shares held by his spouse/children and family owned-company pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

Other than as disclosed above, according to the Register of Directors' shareholdings, the other Directors in office at the end of the year did not hold any interest in shares in the Company and its related corporations during the year.

The above mentioned Directors, by virtue of their interests in shares of the Company, are also deemed to have interest in shares of the Company's subsidiaries to the extent that the Company has an interest.

DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Directors' fees	780,000	1,025,000
Salaries and other emoluments	2,217,361	2,335,699
	<u>2,997,361</u>	<u>3,360,699</u>



Directors Report (Cont'd)

DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or the provision for doubtful debts;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;



Directors Report (Cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (d) In the opinion of the Directors: (cont'd)
- (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are disclosed in Note 5. There was no indemnity given or insurance effected for the external auditors of the Group and of the Company.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Group and the Company by any Director or past Director of the Group and the Company.
- (g) The indemnity given to or other insurance effected for the Directors and the officers of the Group and of the Company has a total premium of RM20,998 and coverage amount of RM20,000,000 for the period effective 1 January 2023 until 31 December 2023.

SUBSEQUENT EVENT

Details of the subsequent event is disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 25 March 2024.

Dato' Sri Kamaruddin bin Mohammed
Group Chairman

Tee Cheng Hua
Senior Executive Director



STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 99 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 25 March 2024.

Dato' Sri Kamaruddin bin Mohammed
Group Chairman

Tee Cheng Hua
Senior Executive Director

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Asmin binti Yahya (MIA No: 10161), being the Director primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 99 to 146 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuantan
on 25 March 2024



Before me,

Dato' Asmin binti Yahya



INDEPENDENT AUDITORS' REPORT

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (I4809-W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far East Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 99 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there is no key audit matter to communicate for the Company. The key audit matter for the Group is as below:

Equity accounting for associates

As disclosed in Note 13 to the financial statements, the Group has significant interests in associates, including, Prosper Capital Holdings Sdn. Bhd. ("PCH"), which has significant associates of its own and with the existence of substantial cross shareholdings in the Group.

Given the highly complex group structure which involves cross shareholdings, we identified the accounting for equity accounted associates as a key audit matter in view of the risk that the associates may not have been properly accounted for and disclosed appropriately due to the following reasons:

- (i) The magnitude of the balances; and
- (ii) The complexity of the group structure where significant time and effort was spent to navigate and examine the group structures of the associates (including its various sub-groups and the financial implications) during our review of the consolidation procedures impacting the Group. The process is further complicated by the varied locations and different management teams involved in the associates.



Independent Auditors' Report (Cont'd)

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (14809-W)
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Our audit performed and responses thereon

We have performed the following procedures:

- Obtained the larger corporate structure of which the Group is a component and performed reviews on the navigation of the various entities involved and the manner in which the financial results of these various entities are consolidated and/or equity accounted and/or both.
- Communication with various component auditors including the reviews of consolidation and audit files.
- Performed reviews with regards to the cross shareholdings and the adjustments involving the elimination of the Group's own results as the Group equity accounts for its share of profits of PCH, which has an indirect equity interest in the Group.
- Performed recomputation of the post-acquisition results in the Group's share of net assets of PCH to ensure that the consolidation adjustments been properly effected.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are also responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Auditors' Report (Cont'd)

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (I4809-W)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 12 to the financial statements.

Other Matter

This report is made solely to the members of the Company as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

Petaling Jaya, Selangor
Date: 25 March 2024

CHUAH SOO HUAT
03002/07/2024 J
Chartered Accountant



STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	542,358,902	785,657,325	175,363,368	247,562,292
Other operating income		2,491,499	5,283,851	1,286,263	3,409,432
Fair value (loss)/gain on biological assets		(742,398)	(828,331)	206,990	(688,439)
Employee benefits expense	6	(32,103,846)	(32,285,184)	(10,641,676)	(10,590,075)
Changes in inventories		(1,909,352)	(1,618,021)	-	-
Finished goods purchased		(16,429,388)	(74,315,220)	-	-
Raw material purchased		(263,521,302)	(351,344,978)	-	-
Production cess		(1,413,536)	(1,425,136)	-	-
Carriage outwards		(6,111,564)	(6,353,939)	-	-
Upkeep, repair and maintenance of assets		(7,779,334)	(6,721,933)	-	-
Utilities and fuel		(2,237,504)	(2,738,905)	-	-
Depreciation of:					
- property, plant and equipment		(27,422,599)	(25,574,114)	(14,844,516)	(14,042,073)
- right-of-use assets		(7,398,244)	(7,218,658)	(5,331,247)	(5,153,608)
Upkeep and cultivation		(45,130,835)	(43,285,309)	(25,333,631)	(20,895,927)
Harvesting		(24,125,945)	(26,671,926)	(13,968,056)	(14,361,486)
Estate general charges		(15,013,400)	(12,978,056)	(8,559,411)	(7,174,983)
Fair value gain on investment property	11	2,000,000	-	2,000,000	-
Other operating expenses		(13,675,183)	(14,258,731)	(3,425,337)	(3,327,638)
Finance income		5,845,246	2,169,097	4,866,561	3,066,298
Finance cost		(5,251,712)	(4,631,594)	(4,571,144)	(3,951,186)
Share of profit after tax of associates		47,027,614	93,825,484	-	-
Profit before tax	5	129,457,119	274,685,722	97,048,164	173,852,607
Tax expense	7	(24,037,313)	(46,771,930)	(13,660,256)	(24,520,015)
Profit for the financial year		105,419,806	227,913,792	83,387,908	149,332,592
Profit for the financial year attributable to:					
Owners of the Company		98,515,565	217,267,939	83,387,908	149,332,592
Non-controlling interests		6,904,241	10,645,853	-	-
		105,419,806	227,913,792	83,387,908	149,332,592
Other comprehensive income:					
<u>Item that will not be reclassified</u>					
<u>subsequently to profit or loss:</u>					
- Share of other comprehensive income of associate	13	680,438	-	-	-
<u>Item that may be reclassified</u>					
<u>subsequently to profit or loss:</u>					
- Net changes in fair value on debt instruments at fair value through other comprehensive income ("FVOCI")	21	23,096	-	23,096	-
Other comprehensive income for the year, net of tax		703,534	-	23,096	-
Total comprehensive income for the year		106,123,340	227,913,792	83,411,004	149,332,592
Total comprehensive income attributable to:					
Owners of the Company		99,219,099	217,267,939	83,411,004	149,332,592
Non-controlling interests		6,904,241	10,645,853	-	-
		106,123,340	227,913,792	83,411,004	149,332,592
Earnings per share attributable to Owners of the Company (sen)					
- Basic and diluted	8	16.59	36.59		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENTS OF FINANCIAL POSITION

As At 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	299,014,210	310,543,060	182,722,654	192,680,260
Investment property	11	63,000,000	61,000,000	63,000,000	61,000,000
Investments in subsidiaries	12	-	-	18,400,302	18,400,302
Investments in associates	13	611,364,825	595,932,011	125,016,564	125,016,564
Other financial assets	14	1,997,040	-	1,997,040	-
Right-of-use assets	15	437,135,030	443,014,114	334,252,620	338,295,125
		1,412,511,105	1,410,489,185	725,389,180	735,392,251
Current assets					
Biological assets	16	7,732,513	8,474,911	4,646,417	4,439,427
Inventories	17	7,222,713	10,223,938	200,093	2,420,565
Receivables	18	63,221,610	64,771,197	31,152,410	32,828,638
Tax recoverable		5,476,166	3,562,070	126,751	-
Deposits, cash and bank balances	19	205,497,792	244,150,226	151,996,980	185,258,590
		289,150,794	331,182,342	188,122,651	224,947,220
TOTAL ASSETS		1,701,661,899	1,741,671,527	913,511,831	960,339,471
EQUITY AND LIABILITIES EQUITY					
Share capital	20	197,945,995	197,945,995	197,945,995	197,945,995
Fair value reserve	21	23,096	-	23,096	-
Retained earnings		1,184,873,543	1,174,753,238	529,625,997	535,313,787
Equity attributable to					
Owners of the Company		1,382,842,634	1,372,699,233	727,595,088	733,259,782
Non-controlling interests		47,573,101	47,978,235	-	-
TOTAL EQUITY		1,430,415,735	1,420,677,468	727,595,088	733,259,782
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	22	74,033,064	73,714,339	41,148,415	40,740,396
Lease liabilities	23	15,958,221	16,089,565	172,945	289,646
Borrowings	24	86,250,000	101,250,000	86,250,000	101,250,000
		176,241,285	191,053,904	127,571,360	142,280,042
Current liabilities					
Payables	25	79,483,113	110,842,730	43,228,682	67,067,274
Tax payable		217,113	3,774,354	-	2,620,116
Lease liabilities	23	304,653	323,071	116,701	112,257
Borrowings	24	15,000,000	15,000,000	15,000,000	15,000,000
		95,004,879	129,940,155	58,345,383	84,799,647
TOTAL LIABILITIES		271,246,164	320,994,059	185,916,743	227,079,689
TOTAL EQUITY AND LIABILITIES		1,701,661,899	1,741,671,527	913,511,831	960,339,471

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

Group	Note	← Attributable to Owners of the Company →			Non-Controlling Interests RM	Total Equity RM
		Share Capital RM	Retained Earnings RM	Total RM		
2022						
At 1 January 2022		197,945,995	1,052,499,377	1,250,445,372	43,990,382	1,294,435,754
Profit for the financial year		-	217,267,939	217,267,939	10,645,853	227,913,792
Total comprehensive income for the financial year		-	217,267,939	217,267,939	10,645,853	227,913,792
Transactions with Owners of the Company						
Dividends for the years ended						
- 31 December 2021	9	-	(47,507,039)	(47,507,039)	(6,658,000)	(54,165,039)
- 31 December 2022	9	-	(47,507,039)	(47,507,039)	-	(47,507,039)
		-	(95,014,078)	(95,014,078)	(6,658,000)	(101,672,078)
At 31 December 2022		197,945,995	1,174,753,238	1,372,699,233	47,978,235	1,420,677,468

	Note	← Attributable to Owners of the Company →			Non-Controlling Interests RM	Total Equity RM	
		Share Capital RM	Fair Value Reserve RM	Retained Earnings RM			
Group 2023							
At 1 January 2023		197,945,995	-	1,174,753,238	1,372,699,233	47,978,235	1,420,677,468
Share of other comprehensive income of associate		-	-	680,438	680,438	-	680,438
Debt instruments measured at fair value through other comprehensive income	21	-	23,096	-	23,096	-	23,096
Profit for the financial year		-	-	98,515,565	98,515,565	6,904,241	105,419,806
Total comprehensive income for the financial year		-	23,096	99,196,003	99,219,099	6,904,241	106,123,340
Transactions with Owners of the Company							
Dividends for the years ended							
- 31 December 2022	9	-	-	(59,383,799)	(59,383,799)	(7,309,375)	(66,693,174)
- 31 December 2023	9	-	-	(29,691,899)	(29,691,899)	-	(29,691,899)
		-	-	(89,075,698)	(89,075,698)	(7,309,375)	(96,385,073)
At 31 December 2023		197,945,995	23,096	1,184,873,543	1,382,842,634	47,573,101	1,430,415,735



Statements of Changes in Equity (Cont'd)

For the Financial Year Ended 31 December 2023

	Note	Share Capital RM	Fair value Reserve RM	Retained Earnings RM	Total Equity RM
Company 2022					
At 1 January 2022		197,945,995	-	480,995,273	678,941,268
Profit for the financial year, representing total comprehensive income for the financial year		-	-	149,332,592	149,332,592
Transactions with Owners of the Company					
Dividends for the years ended					
- 31 December 2021	9	-	-	(47,507,039)	(47,507,039)
- 31 December 2022	9	-	-	(47,507,039)	(47,507,039)
		-	-	(95,014,078)	(95,014,078)
At 31 December 2022		197,945,995	-	535,313,787	733,259,782
2023					
At 1 January 2023		197,945,995	-	535,313,787	733,259,782
Profit for the financial year		-	-	83,387,908	83,387,908
Debt instruments measured at fair value through other comprehensive income	21	-	23,096	-	23,096
Total comprehensive income for the financial year		-	23,096	83,387,908	83,411,004
Transactions with Owners of the Company					
Dividends for the years ended					
- 31 December 2022	9	-	-	(59,383,799)	(59,383,799)
- 31 December 2023	9	-	-	(29,691,899)	(29,691,899)
		-	-	(89,075,698)	(89,075,698)
At 31 December 2023		197,945,995	23,096	529,625,997	727,595,088

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities				
Profit before tax	129,457,119	274,685,722	97,048,164	173,852,607
Adjustments for:				
Property, plant and equipment				
- depreciation	27,422,599	25,574,114	14,844,516	14,042,073
- gain on disposal	(190,182)	(89,033)	(133,685)	(45,035)
- written off	298,106	2,764	297,799	2,684
Right-of-use assets				
- depreciation	7,398,244	7,218,658	5,331,247	5,153,608
Fair value loss/(gain) on biological assets	742,398	828,331	(206,990)	688,439
Fair value gain on investment property	(2,000,000)	-	(2,000,000)	-
Capital repayment on other investment	(581,180)	-	(581,180)	-
Share of profit after tax of associates	(47,027,614)	(93,825,484)	-	-
Loss on deemed disposal of an associate	555,666	-	-	-
Dividend income from				
- subsidiaries	-	-	(25,421,275)	(58,504,050)
- associates	-	-	(30,624,572)	(21,400,986)
Finance cost	5 5,251,712	4,631,594	4,571,144	3,951,186
Finance income	5 (5,845,246)	(2,169,097)	(4,866,561)	(3,066,298)
Operating profit before working capital	115,481,622	216,857,569	58,258,607	114,674,228
Changes in working capital:				
- inventories	3,001,225	938,862	2,220,472	(522,952)
- receivables	1,230,953	(1,235,385)	53,596	5,016,190
- payables	(13,598,959)	1,431,175	(5,923,094)	1,518,103
Cash generated from operations	106,114,841	217,992,221	54,609,581	120,685,569
Finance cost paid	(5,251,712)	(4,631,594)	(4,571,144)	(3,951,186)
Finance income received	5,845,246	2,169,097	4,866,561	3,066,298
Tax refunded	532,289	24,854	-	-
Tax paid	(29,722,214)	(48,522,923)	(15,999,104)	(24,834,009)
Net cash flows from operating activities	77,518,450	167,031,655	38,905,894	94,966,672
Investing activities				
Acquisition of quoted corporate bonds	(1,973,938)	-	(1,973,938)	-
Property, plant and equipment				
- purchase	(16,272,074)	(16,523,516)	(5,264,924)	(8,354,101)
- proceeds from disposals	270,400	102,290	213,900	58,290
Dividend from				
- subsidiaries	-	-	25,421,275	58,504,050
- associates	31,719,572	22,540,986	30,624,572	21,400,986
Proceeds from capital repayment of other investment	581,180	-	581,180	-
Additions to right-of-use assets	(55,224)	(11,002,071)	(55,224)	(11,002,071)
Net repayment from subsidiaries	-	-	1,393,144	2,207,458
Net (payment on behalf)/repayment from associates	(1,253,462)	2,207,458	(1,013,094)	-
Net repayment from/(payment on behalf) related parties	338,572	944,676	9,058	(1,017)
Net cash flows from/(used in) investing activities	13,355,026	(1,730,177)	49,935,949	62,813,595



Statements of Cash Flows (Cont'd)

For the Financial Year Ended 31 December 2023

Note	← Group →		← Company →	
	2023 RM	2022 RM	2023 RM	2022 RM
Financing activities				
Dividends paid to:				
- Owners of the Company	(106,890,838)	(47,507,039)	(106,890,838)	(47,507,039)
- non-controlling interests	(7,309,375)	(6,658,000)	-	-
Payment for the principal portion of lease liabilities	(i), (ii)	(380,180)	(112,257)	(84,566)
Repayment of term loan	(ii)	(15,000,000)	(15,000,000)	(15,000,000)
Net (repayment to)/advance from subsidiaries	-	-	(91,885)	4,627,058
Net (repayment to)/advance from associates	(141,325)	20,460	(8,473)	(26,242)
Net advance from/(repayment to) related parties	195,808	(7,771)	-	-
Net cash flows used in financing activities	(129,525,910)	(69,501,940)	(122,103,453)	(57,990,789)
Net (decrease)/increase in cash and cash equivalents	(38,652,434)	95,799,538	(33,261,610)	99,789,478
Cash and cash equivalents at beginning of the financial year	244,150,226	148,350,688	185,258,590	85,469,112
Cash and cash equivalents at end of the financial year	19	205,497,792	151,996,980	185,258,590

(i) Cash outflows for leases as lessee are as follows:

	← Group →		← Company →	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities:				
Finance cost paid in relation to lease liabilities	(695,463)	(695,010)	(14,895)	(14,602)
Payment relating to short term leases	-	(8,012)	-	(4,800)
Payment relating to low value assets	(34,627)	(37,775)	(32,014)	(32,264)
Net cash flows used in financing activities				
Payment for the principal portion of lease liabilities	(380,180)	(349,590)	(112,257)	(84,566)
Total cash outflows for lease	(1,110,270)	(1,090,387)	(159,166)	(136,232)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings RM	Lease liabilities RM
Group		
2023		
At 1 January	116,250,000	16,412,636
Additions	-	230,418
Interest expense	4,556,249	695,463
Repayment	(19,556,249)	(1,075,643)
Net changes from financing cash flows	(15,000,000)	(380,180)
At 31 December	101,250,000	16,262,874



Statements of Cash Flows (Cont'd)

For the Financial Year Ended 31 December 2023

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd):

	Borrowings RM	Lease liabilities RM
Group		
2022		
At 1 January	131,250,000	16,289,578
Additions	-	472,648
Interest expense	3,936,584	695,010
Repayment	(18,936,584)	(1,044,600)
Net changes from financing cash flows	(15,000,000)	(349,590)
At 31 December	116,250,000	16,412,636

	Borrowings RM	Lease liabilities RM
Company		
2023		
At 1 January	116,250,000	401,903
Interest expense	4,556,249	14,895
Repayment	(19,556,249)	(127,152)
Net changes from financing cash flows	(15,000,000)	(112,257)
At 31 December	101,250,000	289,646

2022		
At 1 January	131,250,000	13,821
Additions	-	472,648
Interest expense	3,936,584	14,602
Repayment	(18,936,584)	(99,168)
Net changes from financing cash flows	(15,000,000)	(84,566)
At 31 December	116,250,000	401,903

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is at Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur.

The Company is principally involved in cultivation of oil palms, production and sales of fresh fruit bunches, crude palm oil and palm kernel and investment holding. The principal activities of the subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors dated on 25 March 2024.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysia Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(i) Changes in material accounting policies

The Group and the Company has adopted amendments to MFRS 101, Presentation of Financial in Statements and MFRS Practice Statement 2 - Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to financial statements where relevant.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the notes.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

(d) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in Note 11 – valuation of investment property.

3. OTHER ACCOUNTING POLICIES

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and reserves that relate to the subsidiary is recognised as gain or loss on disposal.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

3. OTHER ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Goodwill relating to an associated company is included in the carrying amount of the investment. The goodwill is calculated as the difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Dividend from associates is recognised as a reduction in the carrying amounts of associates.

The associates' financial statements shall be prepared using uniform accounting policies for the transactions and events in similar circumstances.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

3. OTHER ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. REVENUE

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers					
Sale of fresh fruit bunch (“FFB”)	(i)	138,724,739	190,639,571	119,317,521	167,657,256
Sale of crude palm oil, palm kernel and others	(ii)	403,634,163	595,017,754	-	-
		542,358,902	785,657,325	119,317,521	167,657,256
Dividend income					
- Subsidiaries	(iii)	-	-	25,421,275	58,504,050
- Associates	(iii)	-	-	30,624,572	21,400,986
		-	-	56,045,847	79,905,036
		542,358,902	785,657,325	175,363,368	247,562,292

The performance obligations and revenue recognition policies for each revenue stream are presented below:

(i) Sale of FFB

The Group and the Company are engaged in the sale of FFB. The Group and the Company entered into contracts with customers to supply FFB. Revenue is recognised upon delivery and issuance of sales invoice to customers.

(ii) Sale of crude palm oil, palm kernel and others

The Group is engaged in the manufacturing and trading of crude palm oil, palm kernel, oil palm shell, palm bunch ash and palm fibre. The Group entered into contracts with customers to supply crude palm oil, palm kernel and others. Revenue is recognised upon delivery and issuance of sales invoices to the customers.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

4. REVENUE (cont'd)

Performance Obligation ("PO") of (i) and (ii)

PO is satisfied upon delivery of goods to customers and acknowledgment by customers. The credit terms granted to the customers ranged from 7 to 90 days. No allocation of transaction price is required as each contract consists of one PO only.

Timing of recognition of (i) and (ii)

Revenue is recognised at the point in time when the Group and the Company had satisfied the PO, i.e. delivery of goods to the customers. At the end of the financial year, there is no unsatisfied PO, i.e. undelivered goods.

5. PROFIT BEFORE TAX

Other than those disclosed in statements of comprehensive income, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration:				
Auditors of the Company				
- current year	305,000	305,000	210,000	210,000
- others	10,000	10,000	10,000	10,000
Other auditors				
- current year	79,000	79,000	-	-
Property, plant and equipment:				
- written off	298,106	2,764	297,799	2,684
- gain on disposal	(190,182)	(89,033)	(133,685)	(45,035)
Finance cost:				
- bank borrowings	4,556,249	3,936,584	4,556,249	3,936,584
- lease liabilities	695,463	695,010	14,895	14,602
Loss on deemed disposal of an associate (Note 13)	555,666	-	-	-
Rental of office	-	8,012	-	4,800
Rental of parking	34,627	37,775	32,014	32,264
Finance income:				
- hibah*	(6,063)	(122,638)	-	-
- fixed deposits	(5,608,013)	(1,829,053)	(4,635,391)	(1,314,387)
- REPO	(176,013)	(217,406)	(176,013)	(217,406)
- accretion of interest on loans to a subsidiary	-	-	-	(1,534,505)
- interest on investment in corporate bonds	(55,157)	-	(55,157)	-
Capital repayment on other investment (Note 14)	(581,180)	-	(581,180)	-
Rental income	(199,814)	(197,598)	(82,814)	(82,098)

* Finance income from Hibah refers to profit earned under Islamic Financial Instruments



Notes to the Financial Statements (Cont'd)

- 31 December 2023

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs:				
- Salaries, bonus and other benefits	21,060,415	19,289,933	6,220,463	5,969,489
- Defined contribution plans	2,111,891	1,849,922	789,209	664,037
	23,172,306	21,139,855	7,009,672	6,633,526
Key management personnel:				
Directors of the Company:				
- Fees	1,805,000	2,465,000	780,000	980,000
- Salaries and other emoluments	4,553,060	4,987,464	2,217,361	2,403,801
	6,358,060	7,452,464	2,997,361	3,383,801
Directors of the subsidiaries:				
- Fees	893,644	1,375,000	-	-
- Salaries and other emoluments	527,436	386,460	-	-
	1,421,080	1,761,460	-	-
Other key management personnel:				
- Salaries, bonus and other benefits	1,014,050	1,701,859	558,318	506,922
- Defined contribution plans	138,350	229,546	76,325	65,826
	1,152,400	1,931,405	634,643	572,748
Total employee benefits expense	32,103,846	32,285,184	10,641,676	10,590,075

7. TAX EXPENSE

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax				
Malaysian income tax				
- Current year	23,799,950	47,978,394	13,273,249	25,620,116
- Overprovision in previous financial years	(81,362)	(310,720)	(21,012)	(283,975)
	23,718,588	47,667,674	13,252,237	25,336,141
Deferred tax (Note 22)				
- Origination of temporary differences	(112,901)	40,800	98,260	(172,286)
- Under/(over) provision in previous financial years	431,626	(936,544)	309,759	(643,840)
	318,725	(895,744)	408,019	(816,126)
Tax expense for the financial year	24,037,313	46,771,930	13,660,256	24,520,015



Notes to the Financial Statements (Cont'd)

- 31 December 2023

7. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	129,457,119	274,685,722	97,048,164	173,852,607
Tax calculated at the tax rate of 24%	31,069,709	65,924,573	23,291,559	41,724,626
Tax effect on share of results of associates	(11,286,628)	(22,518,116)	-	-
Expenses not deductible for tax purposes	3,910,130	4,988,815	3,537,115	3,276,491
(Over)/under provision in previous financial years				
- Current tax	(81,362)	(310,720)	(21,012)	(283,975)
- Deferred tax	431,626	(936,544)	309,759	(643,840)
Income not subject to tax	(6,162)	(376,078)	(13,457,165)	(19,553,287)
Total tax expense	24,037,313	46,771,930	13,660,256	24,520,015

8. EARNINGS PER SHARE

8.1 Basic

Basic earnings per share of the Group are calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2023	2022
Profit attributable to Owners of the Company (RM)	98,515,565	217,267,939
Weighted average number of ordinary shares in issue (units)	593,837,985	593,837,985
Basic earnings per share (sen)	16.59	36.59

8.2 Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding during the financial year.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

9. DIVIDENDS

		Group and Company	
		2023	2022
	Paid on	RM	RM
Attributable to Owners of the Company			
Final single tier dividend in respect of financial year ended 31 December 2021 of 5 sen per ordinary share	6 July 2022	-	29,691,899
Special dividend in respect of financial year ended 31 December 2021 of 3 sen per ordinary share	6 July 2022	-	17,815,140
Interim single tier dividend in respect of financial year ended 31 December 2022 of 8 sen per ordinary share	10 January 2023	-	47,507,039
Final single tier dividend in respect of financial year ended 31 December 2022 of 10 sen per ordinary share	6 July 2023	59,383,799	-
Interim single tier dividend in respect of financial year ended 31 December 2023 of 5 sen per ordinary share	10 January 2024	29,691,899	-
		<u>89,075,698</u>	<u>95,014,078</u>

The Directors now recommend the payment of a final single tier dividend of 6 sen per ordinary share amounting to RM35,630,279 for the financial year ended 31 December 2023. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

		Group	
		2023	2022
	Paid on	RM	RM
Attributable to non-controlling interests:			
Final single tier dividend:			
- in respect of financial year ended 31 December 2021 of 700 sen per ordinary share	27 May 2022	-	1,400,000
- in respect of financial year ended 31 December 2021 of 125 sen per ordinary share	27 May 2022	-	750,000
- in respect of financial year ended 31 December 2021 of 50 sen per ordinary share	29 April 2022	-	2,450,000
- in respect of financial year ended 31 December 2021 of 80 sen per ordinary share	29 April 2022	-	2,058,000
- in respect of financial year ended 31 December 2022 of 70 sen per ordinary share	12 May 2023	3,430,000	-
- in respect of financial year ended 31 December 2022 of 600 sen per ordinary share	26 May 2023	1,200,000	-
- in respect of financial year ended 31 December 2022 of 125 sen per ordinary share	26 May 2023	750,000	-
- in respect of financial year ended 31 December 2022 of 75 sen per ordinary share	29 May 2023	1,929,375	-
		<u>7,309,375</u>	<u>6,658,000</u>



Notes to the Financial Statements (Cont'd)

- 31 December 2023

10. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants		Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
	Mature RM	Immature RM					
Group							
2023							
Cost							
At 1 January	415,972,568	35,949,468	47,374,239	60,972,933	18,029,437	5,095,882	583,394,527
Additions	-	5,274,512	630,486	4,896,437	1,690,904	3,779,735	16,272,074
Reclassification	14,875,821	(14,875,821)	665,363	5,671,755	176,345	(6,513,463)	-
Written off	(3,230,711)	(297,461)	(65,235)	(371,745)	(185,528)	-	(4,150,680)
Disposal	-	-	-	(150,000)	(931,561)	-	(1,081,561)
Transfer to an associate	-	-	-	-	(1,100)	-	(1,100)
At 31 December	427,617,678	26,050,698	48,604,853	71,019,380	18,778,497	2,362,154	594,433,260
Accumulated depreciation							
At 1 January	182,519,859	-	30,236,070	46,727,908	13,367,630	-	272,851,467
Charge for the financial year	18,985,103	-	2,536,570	3,918,831	1,982,095	-	27,422,599
Written off	(3,230,711)	-	(65,231)	(371,737)	(184,895)	-	(3,852,574)
Disposal	-	-	-	(149,999)	(851,344)	-	(1,001,343)
Transfer to an associate	-	-	-	-	(1,099)	-	(1,099)
At 31 December	198,274,251	-	32,707,409	50,125,003	14,312,387	-	295,419,050
Carrying amount							
At 31 December	229,343,427	26,050,698	15,897,444	20,894,377	4,466,110	2,362,154	299,014,210
2022							
Cost							
At 1 January	404,343,312	43,891,412	45,216,133	55,960,595	15,975,452	5,091,860	570,478,764
Additions	-	6,463,325	1,032,486	2,707,996	2,524,254	3,795,455	16,523,516
Reclassification	14,405,269	(14,405,269)	1,164,000	2,440,000	187,433	(3,791,433)	-
Written off	(2,776,013)	-	(38,380)	(135,658)	(241,295)	-	(3,191,346)
Disposal	-	-	-	-	(416,407)	-	(416,407)
At 31 December	415,972,568	35,949,468	47,374,239	60,972,933	18,029,437	5,095,882	583,394,527
Accumulated depreciation							
At 1 January	167,037,015	-	27,679,008	44,158,810	11,994,252	-	250,869,085
Charge for the financial year	18,258,857	-	2,595,435	2,704,751	2,015,071	-	25,574,114
Written off	(2,776,013)	-	(38,373)	(135,653)	(238,543)	-	(3,188,582)
Disposal	-	-	-	-	(403,150)	-	(403,150)
At 31 December	182,519,859	-	30,236,070	46,727,908	13,367,630	-	272,851,467
Carrying amount							
At 31 December	233,452,709	35,949,468	17,138,169	14,245,025	4,661,807	5,095,882	310,543,060



Notes to the Financial Statements (Cont'd)

- 31 December 2023

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Bearer plants			Plant and	Motor vehicles, furniture, fixtures and equipment	Assets under construction	Total
	Mature RM	Immature RM	Buildings RM	machineries RM	RM	RM	RM
Company 2023 Cost							
At 1 January	250,327,964	22,823,619	23,563,500	4,102,257	10,064,878	1,065,920	311,948,138
Additions	-	2,920,678	18,773	830,723	1,139,737	355,013	5,264,924
Reclassification	14,875,821	(14,875,821)	262,953	109,368	-	(372,321)	-
Written off	-	(297,461)	(65,235)	(11,412)	(47,268)	-	(421,376)
Disposal	-	-	-	-	(778,075)	-	(778,075)
At 31 December	265,203,785	10,571,015	23,779,991	5,030,936	10,379,272	1,048,612	316,013,611
Accumulated depreciation							
At 1 January	94,496,947	-	14,425,104	3,218,154	7,127,673	-	119,267,878
Charge for the financial year	11,676,760	-	1,705,972	359,006	1,102,778	-	14,844,516
Written off	-	-	(65,231)	(11,409)	(46,937)	-	(123,577)
Disposal	-	-	-	-	(697,860)	-	(697,860)
At 31 December	106,173,707	-	16,065,845	3,565,751	7,485,654	-	133,290,957
Carrying amount							
At 31 December	159,030,078	10,571,015	7,714,146	1,465,185	2,893,618	1,048,612	182,722,654
2022 Cost							
At 1 January	236,485,005	32,717,142	21,749,933	3,766,662	8,988,727	965,549	304,673,018
Additions	-	4,511,746	649,567	335,595	1,592,822	1,264,371	8,354,101
Reclassification	14,405,269	(14,405,269)	1,164,000	-	-	(1,164,000)	-
Transfer from a subsidiary	-	-	-	-	(152,918)	-	(152,918)
Written off	(562,310)	-	-	-	(121,220)	-	(683,530)
Disposal	-	-	-	-	(242,533)	-	(242,533)
At 31 December	250,327,964	22,823,619	23,563,500	4,102,257	10,064,878	1,065,920	311,948,138
Accumulated depreciation							
At 1 January	84,058,669	-	12,785,932	2,949,400	6,494,217	-	106,288,218
Additions	11,000,588	-	1,639,172	268,754	1,133,559	-	14,042,073
Written off	(562,310)	-	-	-	(118,536)	-	(680,846)
Transfers to subsidiaries	-	-	-	-	(152,289)	-	(152,289)
Disposal	-	-	-	-	(229,278)	-	(229,278)
At 31 December	94,496,947	-	14,425,104	3,218,154	7,127,673	-	119,267,878
Carrying amount							
At 31 December	155,831,017	22,823,619	9,138,396	884,103	2,937,205	1,065,920	192,680,260



Notes to the Financial Statements (Cont'd)

- 31 December 2023

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Acquisition of property, plant and equipment of the Group and of the Company are satisfied entirely by cash.

10.1 Material accounting policy information

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use, if applicable.

The cost of self-constructed assets includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Plant and machineries are stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction, if any. No depreciation is provided on work-in-progress and upon completion, the cost will be transferred to the respective component of property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and their costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its estimated residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.



Notes to the Financial Statements (Cont'd)

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10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

10.1 Material accounting policy information (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following estimated useful lives:

Buildings	10 years
Plant and machineries	5 years
Motor vehicles, furniture, fixtures and equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Bearer plants

Bearer plants are living trees that are the source of supply of agricultural products and where production is expected for more than one period with a remote likelihood of being sold as other than agricultural produce. Bearer plants comprise of pre-cropping cost incurred for new plantings and replanting.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future benefits.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of bearer plants at the following estimated useful lives:

Bearer plants - after maturity	22 years
--------------------------------	----------

A bearer plant is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in profit or loss in the year the bearer plant is derecognised.

11. INVESTMENT PROPERTY

	Group and Company	
	2023	2022
	RM	RM
Leasehold land		
At fair value		
At 1 January	61,000,000	61,000,000
Changes in fair value	2,000,000	-
At 31 December	63,000,000	61,000,000



Notes to the Financial Statements (Cont'd)

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11. INVESTMENT PROPERTY (cont'd)

The fair value of the above investment property was estimated based on indicative valuation by an independent registered valuer dated 5 January 2024, which was based on the comparison method. The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions.

Investment property valued using the comparison method with significant adjustments made for differences such as location, size, time factor and tenure are categorised as Level 3 in the fair value hierarchy of MFRS 13 Fair Value Measurement. Changes in fair value are recognised in the statement of profit or loss during the reporting period in which they are reviewed.

There was no income derived from the above investment property. However, there is a quit rent expense of RM44,120 (2022: RM44,120).

11.1 Material accounting policy information

Investment property is property which is owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured initially at its cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the items are derecognised.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost:		
At beginning/end of the financial year	18,400,302	18,400,302

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Percentage equity held		Principal activities
	2023 %	2022 %	
Held by the Company			
Dawn Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
B.S. Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
Spectacular Potential Sdn. Bhd. *	100.00	100.00	Investment holding
Inai Prisma Sdn. Bhd. *	100.00	100.00	Dormant company
Far East Delima Plantations Sdn. Bhd. *	80.00	80.00	Oil palm plantations
F.E. Rangkaian Sdn. Bhd. *	70.00	70.00	Oil palm plantations
Kilang Kosfarm Sdn. Bhd.	51.00	51.00	Palm oil mill
Held through Kilang Kosfarm Sdn. Bhd.			
Wujud Wawasan Sdn. Bhd. *	51.00	51.00	Palm oil mill

* Audited by auditors other than Moore Stephens Associates PLT



Notes to the Financial Statements (Cont'd)

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12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM	Total RM
Group				
2023				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	
Carrying amount of NCI	5,904,203	6,150,422	35,518,476	47,573,101
Profit allocated to NCI	110,909	1,064,721	5,728,611	6,904,241
2022				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	
Carrying amount of NCI	6,993,294	5,835,701	35,149,240	47,978,235
Profit allocated to NCI	1,320,036	2,155,197	7,170,620	10,645,853

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2023			
Assets and liabilities			
Non-current assets	32,724,050	24,706,358	30,534,242
Current assets	14,052,530	11,984,221	73,862,842
Non-current liabilities	(15,295,906)	(10,106,451)	(2,754,879)
Current liabilities	(1,959,659)	(6,082,721)	(39,914,607)
Net assets	29,521,015	20,501,407	61,727,598
Net assets attributable to:			
Owners of the Company	29,521,015	20,501,407	51,390,435
Non-controlling interests	-	-	10,337,163
Total net assets	29,521,015	20,501,407	61,727,598



Notes to the Financial Statements (Cont'd)

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12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2023			
Results			
Revenue	19,546,072	17,126,750	403,634,163
Profits for the financial year, representing total comprehensive income for the year	554,547	3,549,072	8,049,956
Dividend	(6,000,000)	(2,500,000)	(7,000,000)
Profits attributable to:			
Owners of the Company	554,547	3,549,072	8,049,956
Non-controlling interests	-	-	1,784,133
Profits for the financial year, representing total comprehensive income for the year	554,547	3,549,072	9,834,089
Cash flows from/(used in):			
- Operating activities	2,612,337	5,396,133	3,191,717
- Investing activities	(222,729)	(453,153)	(5,486,946)
- Financing activities	(6,073,786)	(2,529,136)	(4,671,357)
Group			
2022			
Assets and liabilities			
Non-current assets	36,023,755	26,132,493	27,410,575
Current assets	17,744,031	8,860,931	83,831,653
Non-current liabilities	(16,180,191)	(10,473,811)	(2,060,685)
Current liabilities	(2,621,127)	(5,067,278)	(48,358,659)
Net assets	34,966,468	19,452,335	60,822,884
Net assets attributable to:			
Owners of the Company	34,966,468	19,452,335	50,340,479
Non-controlling interests	-	-	10,482,405
Total net assets	34,966,468	19,452,335	60,822,884
Results			
Revenue	29,999,941	24,312,641	595,017,754
Profits for the financial year, representing total comprehensive income for the year	6,600,179	7,183,991	10,150,726
Dividend	(7,000,000)	(2,500,000)	(5,000,000)



Notes to the Financial Statements (Cont'd)

- 31 December 2023

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2022			
Profits attributable to:			
Owners of the Company	6,600,179	7,183,991	10,150,726
Non-controlling interests	-	-	2,193,625
Profits for the financial year, representing total comprehensive income for the year	6,600,179	7,183,991	12,344,351
Cash flows from/(used in):			
- Operating activities	8,083,934	2,608,473	9,756,777
- Investing activities	(636,211)	(307,588)	(2,983,811)
- Financing activities	(7,070,812)	(2,527,962)	(7,111,787)

13. INVESTMENTS IN ASSOCIATES

	Note	2023 RM	Group 2022 RM	Company 2023 RM	2022 RM
At cost					
Unquoted shares					
At 1 January/31 December		156,762,425	156,762,425	126,119,160	126,119,160
Less: Accumulated impairment loss					
At 1 January/31 December		-	-	(1,102,596)	(1,102,596)
		156,762,425	156,762,425	125,016,564	125,016,564
Add: Share of post-acquisition results					
At 1 January		439,169,586	367,885,088	-	-
Profit for the financial year		47,027,614	93,825,484	-	-
Other comprehensive income	(i)	680,438	-	-	-
Loss on deemed disposal on an associate	(ii)	(555,666)	-	-	-
Dividend		(31,719,572)	(22,540,986)	-	-
		15,432,814	71,284,498	-	-
At 31 December		454,602,400	439,169,586	-	-
		611,364,825	595,932,011	125,016,564	125,016,564

(i) Other comprehensive income relates to the changes in fair value arising from investment held at FVOCI.

(ii) Loss on deemed disposal of an associate relates to the dilution of interest in an associate arising from exercise of ESOS options granted in that associate.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

13. INVESTMENTS IN ASSOCIATES (cont'd)

(a) The details of the associates, all of which are incorporated in Malaysia, are as follows:

		Percentage equity held	
Name of companies	Principal activities	2023	2022
Held by the Company			
Future Prelude Sdn. Bhd. (“FPSB”)	Manufacturing and exporting of palm oil, fatty acids and chemicals compounds or derivatives	46.24%*	47.17%
Kampong Aur Oil Palm Company (Sdn.) Berhad (“KAOP”)	Oil palm plantations	40.61%	40.61%
Prosper Capital Holdings Sdn. Bhd. (“PCH”)	Operating of palm oil mill and oil palm plantation and Investment holding	40.00%	40.00%
Business & Budget Hotels (Kuantan) Sdn. Bhd. (“BBHSB”)	Hotel and resort operator	36.29%	36.29%
Held by KAOP			
Madah Perkasa Sdn. Bhd.	Oil palm plantations	100.00%	100.00%
Held through Kilang Kosfarm Sdn. Bhd.			
Jaspurna Holdings Sdn. Bhd.	Investment holding	45.00%	45.00%
PGC Management Services Sdn. Bhd.	Marketing of crude palm oil and management services	30.00%	30.00%

All of the financial statements of these associates were audited by auditors other than Moore Stephens Associates PLT.

** FPSB had granted Employee Share Option Scheme ("ESOS") options to its key management personnel. Upon the exercise of the ESOS options, the shareholding in FPSB was diluted from 47.17% to 46.24%, which resulted in a deemed disposal.*

(b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts.

2023	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Assets and liabilities					
Non-current assets	997,091,849	95,598,908	166,598,517	56,142,196	1,315,431,470
Current assets	245,457,295	196,870,907	22,126,518	30,993,954	495,448,674
Non-current liabilities	(5,333,537)	(14,825,000)	(32,060,772)	(23,599,263)	(75,818,572)
Current liabilities	(38,918,646)	(44,050,239)	(6,885,833)	(25,465,798)	(115,320,516)
Net assets	1,198,296,961	233,594,576	149,778,430	38,071,089	1,619,741,056
Less: Share of Group's results in associate *	(123,871,607)	-	-	-	(123,871,607)
Non-controlling interest	-	-	-	(4,563,423)	(4,563,423)
Adjusted net assets attributable to Owners	1,074,425,354	233,594,576	149,778,430	33,507,666	1,491,306,026



Notes to the Financial Statements (Cont'd)

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13. INVESTMENTS IN ASSOCIATES (cont'd)

- (b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts. (cont'd)

2023	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Results					
Revenue	530,412,554	858,064,878	62,885,551	165,125,836	1,616,488,819
Profit for the financial year	70,254,636	20,012,567	23,025,689	962,130	114,255,022
Less: Share of Group's results in associate *	(100,396)	-	-	-	(100,396)
Non-controlling interest	-	-	-	(390,017)	(390,017)
Adjusted profit for the financial year attributable to Owners	70,154,240	20,012,567	23,025,689	572,113	113,764,609
Other comprehensive income	-	-	-	1,875,000	1,875,000
Total comprehensive income	70,154,240	20,012,567	23,025,689	2,447,113	115,639,609
Employee Share Option Scheme subscription	-	3,449,880	-	-	3,449,880
Dividend	(7,500,000)	(30,537,077)	(33,138,361)	(2,600,000)	(73,775,438)
2022					
Assets and liabilities					
Non-current assets	959,411,618	95,363,610	162,878,325	60,898,698	1,278,552,251
Current assets	237,580,336	189,838,834	36,904,785	39,371,037	503,694,992
Non-current liabilities	(7,832,336)	(13,602,000)	(31,454,000)	(30,078,510)	(82,966,846)
Current liabilities	(53,617,293)	(30,931,238)	(8,438,008)	(31,457,267)	(124,443,806)
Net assets	1,135,542,325	240,669,206	159,891,102	38,733,958	1,574,836,591
Less: Share of Group's results in associate *	(124,090,063)	-	-	-	(124,090,063)
Non-controlling interest	-	-	-	(5,073,405)	(5,073,405)
Adjusted net assets attributable to Owners	1,011,452,262	240,669,206	159,891,102	33,660,553	1,445,673,123
Results					
Revenue	553,069,181	1,228,289,183	106,105,218	230,403,059	2,117,866,641
Profit for the financial year	123,902,949	54,855,611	52,069,847	6,178,340	237,006,747
Less: Share of Group's results in associate *	(11,948,671)	-	-	-	(11,948,671)
Non-controlling interest	-	-	-	(1,195,527)	(1,195,527)
Adjusted profit for the financial year attributable to Owners	111,954,278	54,855,611	52,069,847	4,982,813	223,862,549
Other comprehensive income	-	-	-	(45,576)	(45,576)
Total comprehensive income	111,954,278	54,855,611	52,069,847	4,937,237	223,816,973
Dividend	(6,000,000)	(4,620,912)	(41,422,952)	(2,700,000)	(54,743,864)

* The profit for the financial year and net assets of PCH include an indirect share of the Group's financial results as PCH's 44.68% owned associate, Prosper Trading Sdn. Bhd., that has a 23.73% equity interest in the Group. For accounting and disclosure purposes, these amounts have been excluded to arrive at the Group's share of PCH's financial results and net assets.



Notes to the Financial Statements (Cont'd)

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13. INVESTMENTS IN ASSOCIATES (cont'd)

- (c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates:

	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
2023					
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	429,770,142	108,003,587	60,825,020	12,766,076	611,364,825
Group's share of results for the financial year ended 31 December					
Profit for the financial year	28,061,696	9,203,061	9,350,343	412,514	47,027,614
Other comprehensive income	-	-	-	680,438	680,438
Dividend	(3,000,000)	(14,167,472)	(13,457,100)	(1,095,000)	(31,719,572)
Loss on deemed disposal	-	(555,666)	-	-	(555,666)
	25,061,696	(5,520,077)	(4,106,757)	(2,048)	15,432,814
2022					
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	404,708,446	113,523,664	64,931,777	12,768,124	595,932,011
Group's share of results for the financial year ended 31 December					
Profit for the financial year	44,781,711	25,875,318	21,145,080	2,023,375	93,825,484
Dividend	(2,400,000)	(2,179,611)	(16,821,375)	(1,140,000)	(22,540,986)
	42,381,711	23,695,707	4,323,705	883,375	71,284,498



Notes to the Financial Statements (Cont'd)

- 31 December 2023

14. OTHER FINANCIAL ASSETS

	Note	Group and Company	
		2023	2022
		RM	RM
At fair value through profit or loss:			
Unquoted share	(i)	-	-
At fair value through other comprehensive income:			
Debt instruments:	(ii)		
<u>Quoted corporate bonds</u>			
- Outside Malaysia		1,479,765	-
- In Malaysia		517,275	-
		<u>1,997,040</u>	<u>-</u>

(i) Unquoted Share At Fair Value Through Profit or Loss

Current financial year

The investee entity has undergone corporate exercise which entails the following:

- a. Capital reduction by way of returning to the shareholders the paid up share capital which is in excess of the needs of the Group and of the Company; and
- b. Share distribution of the subsidiary of the investee company.

The Group and the Company have recognised the above as capital repayment and the money received amounted to RM581,180 has been recognised as 'other income'. The Directors did not recognise the share of subsidiary of investee company because the Directors are in the view that it is not material.

Prior financial year

This investment does not have a quoted market price in an active market. As the investee company is dormant and there were no operations during the current and previous financial years, the Group and the Company has determined the fair value to be nil.

The fair value of the Group's and of the Company's other financial asset were within Level 3 of the fair value hierarchy.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

(ii) Debt Instruments

Quoted corporate bonds comprise of strategic investments of the Group and the Company which is not held for trading purpose. These debt instruments are recognised at fair value through other comprehensive income ("FVOCI"), the changes in fair value are accumulated within the financial assets and fair value reserve within equity as disclosed in Note 21. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or disposed.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

15. RIGHT-OF-USE ASSETS

	Office units and warehouses RM	Leasehold land RM	Lease of land RM	Motor vehicles RM	Total RM
Group					
2023					
Cost					
At 1 January	867,419	461,638,196	16,246,366	340,472	479,092,453
Additions	230,418	1,288,742	-	-	1,519,160
Expiry of lease	(222,706)	-	-	-	(222,706)
At 31 December	875,131	462,926,938	16,246,366	340,472	480,388,907
Accumulated depreciation					
At 1 January	614,305	34,193,102	1,225,536	45,396	36,078,339
Charge for the financial year	214,488	6,809,278	306,384	68,094	7,398,244
Expiry of lease	(222,706)	-	-	-	(222,706)
At 31 December	606,087	41,002,380	1,531,920	113,490	43,253,877
Net carrying amount					
At 31 December	269,044	421,924,558	14,714,446	226,982	437,135,030
2022					
Cost					
At 1 January	866,207	450,662,797	16,246,366	-	467,775,370
Additions	158,848	10,975,399	-	340,472	11,474,719
Expiry of lease	(157,636)	-	-	-	(157,636)
At 31 December	867,419	461,638,196	16,246,366	340,472	479,092,453
Accumulated depreciation					
At 1 January	563,996	27,534,169	919,152	-	29,017,317
Charge for the financial year	207,945	6,658,933	306,384	45,396	7,218,658
Expiry of lease	(157,636)	-	-	-	(157,636)
At 31 December	614,305	34,193,102	1,225,536	45,396	36,078,339
Net carrying amount					
At 31 December	253,114	427,445,094	15,020,830	295,076	443,014,114



Notes to the Financial Statements (Cont'd)

- 31 December 2023

15. RIGHT-OF-USE ASSETS (cont'd)

	Office units RM	Leasehold land RM	Motor vehicles RM	Total RM
Company				
2023				
Cost				
At 1 January	158,848	360,835,524	340,472	361,334,844
Additions	-	1,288,742	-	1,288,742
At 31 December	158,848	362,124,266	340,472	362,623,586
Accumulated depreciation				
At 1 January	35,390	22,958,933	45,396	23,039,719
Charge for the financial year	53,129	5,210,024	68,094	5,331,247
At 31 December	88,519	28,168,957	113,490	28,370,966
Net carrying amount				
At 31 December	70,329	333,955,309	226,982	334,252,620
2022				
Cost				
At 1 January	157,636	349,860,125	-	350,017,761
Additions	158,848	10,975,399	340,472	11,474,719
Expiry of lease	(157,636)	-	-	(157,636)
At 31 December	158,848	360,835,524	340,472	361,334,844
Accumulated depreciation				
At 1 January	144,497	17,899,250	-	18,043,747
Charge for the financial year	48,529	5,059,683	45,396	5,153,608
Expiry of lease	(157,636)	-	-	(157,636)
At 31 December	35,390	22,958,933	45,396	23,039,719
Net carrying amount				
At 31 December	123,458	337,876,591	295,076	338,295,125

15.1 Material accounting policy information

The Group and the Company recognise right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

15. RIGHT-OF-USE ASSETS (cont'd)

15.1 Material accounting policy information (cont'd)

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follows:

Lease of land	Over the lease period ranging from 50 to 59 years
Leasehold land	Over the lease period ranging from 52 to 98 years
Office units and warehouses	Over the lease period
Motor vehicles	5 years

In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liabilities.

(i) Acquisition of right-of-use assets are satisfied by the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash	55,224	11,002,071	55,224	11,002,071
Lease arrangement	230,418	472,648	-	472,648
Deposits paid in prior financial year	1,233,518	-	1,233,518	-
	1,519,160	11,474,719	1,288,742	11,474,719

(ii) Certain leasehold land of the Company with net carrying amount of RM106,186,874 (2022: RM108,319,047) are held as security for term loan facilities as disclosed in Note 24.

16. BIOLOGICAL ASSETS

Biological assets comprise of unharvested FFB and the movement of biological assets at fair value can be analysed as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unharvested FFB, at fair value				
At 1 January	8,474,911	9,303,242	4,439,427	5,127,866
Changes in fair value	(742,398)	(828,331)	206,990	(688,439)
At 31 December	7,732,513	8,474,911	4,646,417	4,439,427

FFB prior to harvest (unharvested FFB)

Represents the FFB of up to 15 days prior to harvest for sale or for use in the Group's and the Company's palm product operations. During the current financial year, the Group and the Company harvested approximately 292,663 metric tonnes ("MT") of FFB (2022: 327,769 MT) and 165,274 MT of FFB (2022: 178,013 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2023 included in the fair valuation of unharvested FFB was 10,375 MT (2022: 11,042 MT) and 6,238 MT (2022: 5,774 MT) respectively.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

16. BIOLOGICAL ASSETS (cont'd)

FFB prior to harvest (unharvested FFB) (cont'd)

The Group and the Company attribute a fair value on the unharvested FFB at each statement of financial position date as required under MFRS 141 Agriculture. FFB are the produce of oil palm trees and are harvested continuously throughout the financial year. Each FFB take approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at cash point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair value of unharvested FFB, management uses estimates of cash flows using the expected output method and observable market price of FFB. Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting is excluded in the valuation as the fair values are considered to be negligible.

The fair value of the Group's and of the Company's unharvested FFB were within Level 3 of the fair value hierarchy.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

16.1 Material accounting policy information

Biological assets comprised of produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gain or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

Biological assets are classified as current assets for produce that are expected to be harvested and sold on a date not more than 12 months after the reporting date.

17. INVENTORIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At cost				
Finished goods	4,548,451	6,447,243	-	-
Raw materials	101,458	82,535	-	-
Nursery - oil palm seedlings	1,550,951	687,813	-	-
Consumables	1,021,853	3,006,347	200,093	2,420,565
	<u>7,222,713</u>	<u>10,223,938</u>	<u>200,093</u>	<u>2,420,565</u>

17.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



Notes to the Financial Statements (Cont'd)

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18. RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	(i)	18,253,915	25,203,993	1,230,724	1,222,946
Other receivables		3,363,741	2,942,011	2,300,824	1,883,575
Deposits	(ii)	2,250,435	3,446,655	2,010,540	3,212,602
Prepayments		1,869	266,082	1,774	13,251
Amounts due from subsidiaries	(iii)	-	-	14,262,819	16,008,546
Amounts due from associates	(iv)	19,691,954	5,342,527	6,738,852	5,342,527
Amounts due from related parties	(v)	19,659,696	27,569,929	4,606,877	5,145,191
		63,221,610	64,771,197	31,152,410	32,828,638

The movement in the impairment loss during the financial year are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	-	331,542
Written off	-	(331,542)
At 31 December	-	-

(i) Trade receivables

Credit terms of trade receivables granted by the Group and the Company range from 7 to 60 days (2022: 7 to 60 days).

(ii) Deposits

Included in both the Group's and the Company's deposits are RM1,736,111 (2022: RM2,969,629) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 267.09 acres (2022: 267.09 acres) of land.

(iii) Amounts due from subsidiaries

	Company	
	2023 RM	2022 RM
Amounts due from subsidiaries		
- Trade	1,166,043	1,518,626
- Non-trade	13,096,776	14,489,920
	14,262,819	16,008,546

The trade balances are unsecured, interest free and are subject to normal credit terms of 30 to 60 days (2022: 30 to 60 days).

Included in non-trade balances are loans provided to a subsidiary amounting to NIL (2022: RM3,668,000), which are subject to implied interest at rates ranging between NIL (2022: 1.75% to 3.25%).



Notes to the Financial Statements (Cont'd)

- 31 December 2023

18. RECEIVABLES (cont'd)

(iii) Amounts due from subsidiaries (cont'd)

The loans to subsidiary are analysed below:

	Company	
	2023 RM	2022 RM
Current		
- not later than 1 year	-	3,668,000
Less accretion:		
At January	-	1,534,505
Credited to profit or loss	-	(1,534,505)
At December	-	-
	-	3,668,000
Present value:		
- not later than 1 year	-	3,668,000

Remaining non-trade balances are loans and payment on behalf, which are unsecured, free of interest and collectible on demand.

(iv) Amounts due from associates

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due from associates				
- Trade	16,604,519	3,508,554	3,891,785	3,508,554
- Non-trade	3,087,435	1,833,973	2,847,067	1,833,973
	19,691,954	5,342,527	6,738,852	5,342,527

The trade balances are unsecured, interest free and are subject to normal credit terms of 7 to 60 days (2022: 7 to 60 days).

The non-trade balances are payment on behalf, which are unsecured, free of interest and collectible on demand.

(v) Amounts due from related parties

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due from related parties				
- Trade	19,654,250	27,225,911	4,601,431	5,130,687
- Non-trade	5,446	344,018	5,446	14,504
	19,659,696	27,569,929	4,606,877	5,145,191

The trade balances are unsecured, interest free and are subject to normal credit terms of 7 to 90 days (2022: 7 to 90 days).

The non-trade balances are payment on behalf, which are unsecured, free of interest and collectible on demand.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

19. DEPOSITS, CASH AND BANK BALANCES

	2023 RM	2022 RM
Group		
Deposits with licensed banks	161,596,843	186,871,403
Cash and bank balances	43,900,949	57,278,823
	<u>205,497,792</u>	<u>244,150,226</u>
Company		
Deposits with licensed banks	151,035,681	182,011,271
Cash and bank balances	961,299	3,247,319
	<u>151,996,980</u>	<u>185,258,590</u>

The interest/profit rates (per annum) of the deposits at the end of the financial year were as follows:

	2023	2022
Group		
Deposits with licensed banks	<u>2.30% - 4.10%</u>	<u>2.25% - 4.00%</u>
Company		
Deposits with licensed banks	<u>2.30% - 4.10%</u>	<u>2.30% - 4.00%</u>

As at 31 December 2023, the deposits of the Group and of the Company have maturity periods between 5 to 180 days (2022: 30 to 180 days) and 5 to 180 days (2022: 90 to 180 days) respectively.

20. SHARE CAPITAL

	2023 Units	Group and Company		2022 RM
		2022 Units	2023 RM	
Ordinary shares				
Issued and fully paid				
At 1 January/31 December	<u>593,837,985</u>	<u>593,837,985</u>	<u>197,945,995</u>	<u>197,945,995</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

21. FAIR VALUE RESERVE

	2023 RM
Group and Company	
At 1 January	-
Debt instruments measured at fair value through other comprehensive income	<u>23,096</u>
At 31 December	<u>23,096</u>



Notes to the Financial Statements (Cont'd)

- 31 December 2023

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	73,714,339	74,610,083	40,740,396	41,556,522
Recognised in profit or loss (Note 7)	318,725	(895,744)	408,019	(816,126)
At 31 December	74,033,064	73,714,339	41,148,415	40,740,396

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax liabilities				
- property, plant and equipment	62,752,288	61,731,829	28,822,716	29,886,399
- others	11,280,776	11,982,510	12,325,699	10,853,997
	74,033,064	73,714,339	41,148,415	40,740,396

23. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current	304,653	323,071	116,701	112,257
Non-current	15,958,221	16,089,565	172,945	289,646
Total lease liabilities	16,262,874	16,412,636	289,646	401,903
Minimum lease payments				
- not later than 1 year	982,428	1,012,004	124,436	127,152
- later than 1 year and not later than 5 years	3,386,620	3,412,451	180,734	308,571
- more than 5 years	33,306,079	34,075,731	-	-
	37,675,127	38,500,186	305,170	435,723
Less: unexpired finance charges	(21,412,253)	(22,087,550)	(15,524)	(33,820)
	16,262,874	16,412,636	289,646	401,903
Present value of lease liabilities				
- not later than 1 year	304,653	323,471	116,701	112,257
- later than 1 year and not later than 5 years	769,818	774,332	172,945	289,646
- more than 5 years	15,188,403	15,314,833	-	-
	16,262,874	16,412,636	289,646	401,903



Notes to the Financial Statements (Cont'd)

- 31 December 2023

23. LEASE LIABILITIES (cont'd)

The Group and the Company lease various office units and lease of lands. Rental contracts for office units are and warehouses made for fixed periods of 3 to 5 years but have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Included in lease liabilities are lease liabilities in relation to lease of lands as disclosed in Note 15 which have remaining lease periods ranging from 50 to 59 years with an implied interest rate of 4.20%.

Interest rate per annum as at the reporting date for the lease liabilities for the Group and for the Company are 3.70% to 4.97% (2022: 3.70% to 4.20%) and 3.70% to 4.10% (2022: 3.70% to 4.10%) respectively.

24. BORROWINGS

	Group and Company	
	2023	2022
	RM	RM
Term loan (secured)		
Current liabilities	15,000,000	15,000,000
Non current liabilities	86,250,000	101,250,000
Total borrowings	101,250,000	116,250,000
Maturity profile of borrowings:		
On demand or within 1 year	15,000,000	15,000,000
More than 1 year and less than 2 years	15,000,000	15,000,000
More than 2 years and less than 5 years	45,000,000	45,000,000
More than 5 years	26,250,000	41,250,000
	101,250,000	116,250,000

The interest rate per annum at the reporting date for borrowings is 4.31% (2022: 3.98%).

The term loan of the Group and of the Company is secured by certain leasehold land of the Group as disclosed in Note 15.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

25. PAYABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	(i)	22,578,242	24,193,811	721,010	5,565,992
Other payables		4,630,863	5,285,099	466,568	701,095
Deposits		60,610	14,610	9,610	10,860
Accruals		15,573,251	17,735,106	8,975,619	9,817,954
Amounts due to subsidiaries	(ii)	-	-	3,350,200	3,442,085
Amounts due to associates	(iii)	3,865,139	5,078,177	13,776	22,249
Amounts due to related parties	(iv)	3,083,109	11,028,888	-	-
Dividend payable		29,691,899	47,507,039	29,691,899	47,507,039
		79,483,113	110,842,730	43,228,682	67,067,274

(i) Trade payables

The Group's and the Company's normal trade credit terms range from 7 to 90 days (2022: 30 to 90 days). Other credit terms are assessed on a case-by-case basis.

(ii) Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand.

(iii) Amounts due to associates

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due to associates				
- Trade	3,827,722	4,899,434	-	-
- Non-trade	37,417	178,743	13,776	22,249
	3,865,139	5,078,177	13,776	22,249

The trade balances are unsecured, interest free and are subject to normal credit terms of 30 to 90 days (2022: 30 to 90 days).

The non-trade balances are advances which are unsecured, interest-free, repayable on demand.

(iv) Amounts due to related parties

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due to related parties				
- Trade	2,537,569	10,679,156	-	-
- Non-trade	545,540	349,732	-	-
	3,083,109	11,028,888	-	-

The trade balances are unsecured, interest free and are subject to normal credit terms of 30 to 90 days (2022: 30 to 90 days).

The non-trade balances are advances, which are unsecured, interest-free, repayable on demand.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

26. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, associates, related parties, Directors and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

Other related parties and their relationships are as follows:

Related parties

- PGC Management Services Sdn. Bhd. ("PGC")
- Kilang Sawira Makmur Sdn. Bhd. ("KSM")
- Rompin Palm Oil Mill Sdn. Bhd. ("RPOM")
- Endau Palm Oil Mill Sdn. Bhd. ("EPOM")
- Prosper Trading Sdn. Bhd. ("PTSB")
- Prosper Palm Oil Products Marketing Sdn. Bhd. ("PPOP")
- Wujud Wawasan Sdn. Bhd.
- Koperasi Serbausaha Makmur Berhad ("KOSMA")
- LKPP Corporation Sendirian Berhad ("LKPP Corp.")
- Merchong Palm Oil Mill Sdn. Bhd. ("MPOM")

Relationship

- Associate of Kilang Kosfarm Sdn. Bhd.
- Associate of Kilang Kosfarm Sdn. Bhd.
- Prosper Capital Holdings Sdn. Bhd. ("PCH") holds 30% equity in RPOM
- PTSB holds 32% equity in EPOM
- Substantial shareholder of the Company
- PCH holds 30% equity interest in PPOP
- 51% subsidiary of Kilang Kosfarm Sdn. Bhd.
- Shareholder of Wujud Wawasan Sdn. Bhd.
- Shareholder of the Company
- EPOM and Insan Sejahtera Sdn. Bhd. hold 60% and 15% equity interest in MPOM respectively

Related party transactions

The related party balances are shown in Notes 18 and 25 respectively. The related party transactions of the Group and of the Company are disclosed as follows:

	Company	
	2023	2022
	RM	RM
Transactions with subsidiaries:		
<u>Dividend income</u>		
- B.S. Oil Palm Plantations Sdn. Bhd.	9,000,750	27,902,325
- Dawn Oil Palm Plantations Sdn. Bhd.	6,300,525	20,701,725
- F.E. Rangkaian Sdn. Bhd.	1,750,000	1,750,000
- Far East Delima Plantations Sdn. Bhd.	4,800,000	5,600,000
- Kilang Kosfarm Sdn. Bhd.	3,570,000	2,550,000
<u>Sale of FFB</u>		
- Kilang Kosfarm Sdn. Bhd.	15,442,979	26,352,173



Notes to the Financial Statements (Cont'd)

- 31 December 2023

26. RELATED PARTIES (cont'd)

Related party transactions (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Transactions with associates:				
<u>Dividend income</u>				
- PCH	-	-	3,000,000	2,400,000
- KAOP	-	-	13,457,100	16,821,375
- FPSB	-	-	14,167,472	2,179,611
<u>Sale of FFB</u>				
- PCH	41,347,818	64,143,750	41,347,818	64,143,750
<u>Purchase of FFB</u>				
- PCH	1,581,845	-	-	-
- KAOP	28,710,298	52,791,414	-	-
<u>Sale of crude palm oil and palm kernel</u>				
- FPSB	209,718,540	264,631,449	-	-
- PCH	-	407,214	-	-
<u>Purchase of crude palm oil and palm kernel</u>				
- FPSB	-	3,231,104	-	-
- PCH	4,328,595	7,008,492	-	-
<u>Management fee payable to</u>				
- PGC	2,189,250	2,267,775	-	-
Transactions with related parties:				
<u>Sale of FFB</u>				
- LKPP Corp.	1,636,102	2,114,321	1,636,102	2,114,321
- KSM	25,940,103	35,360,658	25,940,103	35,360,658
- EPOM	1,968,110	3,295,129	288,248	3,295,129
- MPOM	40,677,236	56,910,805	4,430,644	56,910,805
<u>Purchase of FFB</u>				
- KSM	358,761	-	-	-
- KOSMA	156,238,880	221,980,345	-	-
<u>Sale of crude palm oil and palm kernel</u>				
- PTSB	42,323,904	64,263,999	-	-
- PPOPM	-	164,052	-	-
- EPOM	2,056,221	-	-	-
- RPOM	3,454,952	17,809,358	-	-
- KSM	732,047	7,365,995	-	-
<u>Purchase of crude palm oil and palm kernel</u>				
- EPOM	3,480,740	37,473,867	-	-
- PPOPM	-	765,217	-	-
- RPOM	4,019,451	14,493,342	-	-
- MPOM	2,349,687	8,745,935	-	-
- KSM	459,919	1,435,404	-	-



Notes to the Financial Statements (Cont'd)

- 31 December 2023

26. RELATED PARTIES (cont'd)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors and certain members of senior management of the Group and of the Company.

Remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 6.

27. SEGMENTAL INFORMATION

No segmental reporting has been prepared as the Group activities are predominantly in plantation related activities, which are carried out in Malaysia.

28. CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Authorised by the Directors and not contracted for	14,649,000	14,196,796	4,730,000	6,622,337
Analysed as follows:				
- property, plant and equipment	8,149,000	7,421,000	1,422,000	2,767,300
- oil palm plantation development	6,500,000	6,775,796	3,308,000	3,855,037
	14,649,000	14,196,796	4,730,000	6,622,337
Authorised by the Directors and contracted for	1,169,967	2,105,432	519,000	993,905
Analysed as follows:				
- property, plant and equipment	845,400	778,403	519,000	427,384
- oil palm plantation development	324,567	1,327,029	-	566,521
	1,169,967	2,105,432	519,000	993,905

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised cost except for other financial assets which are categorised as fair value through profit or loss and fair value through other comprehensive income.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is an integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables (which consist of trade and other receivables, amounts due from subsidiaries, amounts due from associates and amounts due from related parties). For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Concentration of credit risk

The Group and the Company determine concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis.

As at 31 December 2023, the Group and the Company have significant concentration of credit risk arising from the amount owing by 2 customers (2022: 2 customers) constituting 82% (2022: 87%) and 1 customers (2022: 1 customers) constituting 100% (2022: 100%) of gross trade receivables of the Group and of the Company respectively.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss

The Group and the Company apply the MFRS 9 simplified approach to measure Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group and the Company assess impairment of trade receivables on individual basis. For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at reporting date which are grouped together as they are expected to have similar risk nature.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not past due nor impaired	7,329,607	16,497,018	1,230,724	1,222,946
Past due but not impaired:				
Less than 30 days	5,168,717	5,361,666	-	-
31 days to 60 days	5,752,206	3,345,309	-	-
	10,920,923	8,706,975	-	-
Credit impaired	3,385	331,542	-	-
Individually impaired	-	(331,542)	-	-
	18,253,915	25,203,993	1,230,724	1,222,946

Receivables that are not past due nor impaired

Trade receivables that are not past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group and the Company.

Receivables that are past due not impaired

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Credit Impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which past due more than 90 days. The Group and the Company do not hold any collateral over these balances.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Other receivables and deposits

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Other receivables are neither past due nor impaired. The Group and the Company believe that generally no allowance for impairment is necessary as these debtors have good records of payment in the past.

Deposits mainly arise from deposits paid for leasehold lands of which the Group and the Company is pending for transfer of land title from the Pengarah Tanah and Galian Pahang and Pentadbir Tanah Daerah Pekan. These deposits paid for leasehold lands will be capitalised in property plant and equipment upon transfer of land titles and thus have low credit risk. As at the end of the reporting period, no allowance for impairment is necessary in respect of the deposits.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Related party balances (including subsidiaries, associates and other related parties)

Risk management objectives, policies and processes for managing the risk

Trade

Intercompany receivable (trade) represents amounts outstanding arising from sales of goods.

In arriving at loss allowance, the same assumptions as trade receivables have been applied and management is of the view that there is no indication of impairment loss in respect of amounts due from associates and related parties as at the reporting date.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not past due nor impaired	25,755,607	16,211,714	9,659,259	10,154,704
Past due but not impaired:				
Less than 30 days	5,028,362	4,761,417	-	-
31 days to 60 days	5,474,800	4,529,930	-	-
61 days to 90 days	-	5,228,241	-	-
More than 90 days	-	3,163	-	3,163
	10,503,162	14,522,751	-	3,163
	36,258,769	30,734,465	9,659,259	10,157,867



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Related party balances (including subsidiaries, associates and other related parties) (cont'd)

Non-trade

The Group and the Company provide unsecured loans and payment on behalf to its subsidiaries, associates, and related parties. The Group and the Company monitor the ability of these subsidiaries and related parties to repay the loans and payment on behalf on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and payment on behalf provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Loans and payment on behalf with subsidiaries, associates and related parties are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Group and the Company consider loans and payment on behalf to subsidiaries, associates, and related parties to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the entity's financial position deteriorates significantly. As the Group and the Company are able to determine or influence the timing of payments of the subsidiaries', associates' and related parties' loans and payment on behalf when they are payable, the Group and the Company consider a subsidiaries', and related parties' loan or payment on behalf to be credit impaired when the respective entities are unlikely to repay its loan or payment on behalf to the Group and to the Company in full given insufficient highly liquid resources when the payment on behalf are demanded.

The Group and the Company determine the probability of default for these loans and payment on behalf individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of these amounts.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of various payables and lease liabilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
2023					
Trade and other payables	27,209,105	27,209,105	27,209,105	-	-
Deposits	60,610	60,610	60,610	-	-
Accruals	15,573,251	15,573,251	15,573,251	-	-
Amounts due to associates	3,865,139	3,865,139	3,865,139	-	-
Amounts due to related parties	3,083,109	3,083,109	3,083,109	-	-
Lease liabilities	16,262,874	37,675,127	982,428	3,386,620	33,306,079
Term loan	101,250,000	116,158,319	19,067,710	69,804,290	27,286,319
	167,304,088	203,624,660	69,841,352	73,190,910	60,592,398
2022					
Trade and other payables	29,478,910	29,478,910	29,478,910	-	-
Deposits	14,610	14,610	14,610	-	-
Accruals	17,735,106	17,735,106	17,735,106	-	-
Amounts due to associates	5,078,177	5,078,177	5,078,177	-	-
Amounts due to related parties	11,028,888	11,028,888	11,028,888	-	-
Lease liabilities	16,412,636	38,500,186	1,012,004	3,412,451	34,075,731
Term loan	116,250,000	129,235,166	18,116,943	68,200,485	42,917,738
	195,998,327	231,071,043	82,464,638	71,612,936	76,993,469
Company					
2023					
Trade and other payables	1,187,578	1,187,578	1,187,578	-	-
Deposits	9,610	9,610	9,610	-	-
Accruals	8,975,619	8,975,619	8,975,619	-	-
Amounts due to subsidiaries	3,350,200	3,350,200	3,350,200	-	-
Amounts due to associates	13,776	13,776	13,776	-	-
Lease liabilities	289,646	305,170	124,436	180,734	-
Term loan	101,250,000	116,158,319	19,067,710	69,804,290	27,286,319
	115,076,429	130,000,272	32,728,929	69,985,024	27,286,319
2022					
Trade and other payables	6,267,087	6,267,087	6,267,087	-	-
Deposits	10,860	10,860	10,860	-	-
Accruals	9,817,954	9,817,954	9,817,954	-	-
Amounts due to subsidiaries	3,442,085	3,442,085	3,442,085	-	-
Amounts due to associates	22,249	22,249	22,249	-	-
Lease liabilities	401,903	435,723	127,152	308,571	-
Term loan	116,250,000	129,235,166	18,116,943	68,200,485	42,917,738
	136,212,138	149,231,124	37,804,330	68,509,056	42,917,738



Notes to the Financial Statements (Cont'd)

- 31 December 2023

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and financial liabilities.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year was:

	Group and Company	
	2023	2022
	RM	RM
Floating rate instruments:		
Financial liabilities		
- Term loan	101,250,000	116,250,000

The Group and the Company is exposed to interest rate risk through the impact of rate changes in floating term loan. The interest rate of term loan is disclosed in Note 24. The changes of 100 basis points in interest rates would not have material impact on the profit or loss of the Group and the Company.

30. FAIR VALUE INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Notes 11, 14 and 16.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loan approximates its fair value as the loans will be re-priced to market interest rate on or near reporting date.



Notes to the Financial Statements (Cont'd)

- 31 December 2023

31. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using debt-to-equity ratio which is the debt divided by total equity. Debt includes borrowings and lease liabilities, whilst total capital is equity attributable to Owners of the Company.

The debt-to-equity ratios at end of the reporting period are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings and lease liabilities	117,512,874	132,662,636	101,539,646	116,651,903
Total equity attributable to the Owners of the Company	1,382,842,634	1,372,699,233	727,595,088	733,259,782
Debt-to-equity ratio (%)	8%	10%	14%	16%

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The borrowings and lease liabilities of the Group and the Company are not subject to any externally imposed capital requirements.

32. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with the current year's presentation.

	As previously reported RM	As reclassified RM
Group		
2022		
Statements of Financial Position		
<u>Non-current assets</u>		
Biological assets	687,813	-
<u>Current assets</u>		
Inventories	9,536,125	10,223,938
Statements of Cash Flows		
Cash flows from operating activities		
Adjustments for:		
Gain on sales of oil palm seedlings	(513,820)	-
Operating profit before changes in working capital	216,343,749	216,857,569
Changes in working capital:		
- Inventories	991,894	938,862
Net cash flows from operating activities	166,570,867	167,031,655
Cash Flows from Investing Activities		
Proceeds from sales of oil palm seedlings	1,195,426	-
Additions to biological assets	(734,638)	-
Net cash flows (used in)/from investing activities	(1,269,389)	(1,730,177)



Notes to the Financial Statements (Cont'd)

- 31 December 2023

33. SUBSEQUENT EVENT

On 28 February 2024, the Group and the Company have entered into a Share Sale and Purchase Agreement with Endau Palm Oil Mill Sdn. Bhd., Rangkaian Delima Plantation Sdn. Bhd. and Insan Sejagat Sdn. Bhd. to acquire 10,000,000 ordinary shares in Merchong Palm Oil Mill Sdn. Bhd. ("MPOM"), representing 100% equity interest of MPOM for a purchase consideration of RM10,000,000.



SHAREHOLDINGS' STRUCTURE

As at 29 March 2024

NUMBER OF SHARES : 593,837,985 ORDINARY SHARES

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	58	3.63	1,339	0.00
100 - 1,000	153	9.57	103,350	0.02
1,001 - 10,000	742	46.40	5,068,085	0.85
10,001 - 100,000	509	31.83	15,659,651	2.64
100,001 to less than 5% of issued shares	132	8.26	218,437,740	36.78
5% and above of issued shares	5	0.31	354,567,820	59.71
TOTAL	1,599	100.00	593,837,985	100.00

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

No.	Category of Shareholder	No. of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individuals	108	1,280	24	9,010,055	77,113,184	643,706	1.52	12.99	0.11
2	Body Corporate									
	a. Banks/ Finance Companies	1	-	-	23,333	-	-	-	-	-
	b. Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	-	-	-
	c. Other Types of Companies	12	32	-	91,092,336	235,891,024	-	15.34	39.72	-
3	Government Agencies/ Institution	1	-	-	149,523,360	-	-	25.18	-	-
4	Nominees	79	53	9	23,309,527	6,702,840	528,620	3.93	1.12	0.09
5	Others	-	-	-	-	-	-	-	-	-
	TOTAL	201	1,365	33	272,958,611	319,707,048	1,172,326	45.97	53.83	0.20



Shareholdings' Structure (Cont'd)

As at 29 March 2024

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholding (Unit)	%
1	Perbadanan Kemajuan Pertanian Negeri Pahang	149,523,360	25.18
2	Prosper Trading Sdn. Berhad	96,828,480	16.31
3	Hikmat Elit Sdn. Bhd.	40,196,140	6.77
4	LKPP Corporation Sendirian Berhad	34,861,176	5.87
5	Prosper Trading Sdn. Berhad	33,158,664	5.58
6	Azimat Pelangi Sdn. Bhd.	20,262,580	3.41
7	Fokas Sehati Sdn. Bhd.	19,579,740	3.30
8	Deluxe Era Sdn. Bhd.	14,884,820	2.51
9	Mergeboom (M) Sdn. Bhd.	14,428,500	2.43
10	Hikmat Elit Sdn. Bhd.	13,683,120	2.30
11	Insan Sejagat Sdn. Bhd.	12,840,000	2.16
12	Prosper Trading Sdn. Berhad	10,935,120	1.84
13	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	10,458,440	1.76
14	Tee Cheng Hua	8,762,200	1.48
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	8,190,000	1.38
16	Mergeboom (M) Sdn. Bhd.	5,145,400	0.87
17	Han Kee Juan	5,023,040	0.85
18	Budi-JS Plantation Management Sdn. Berhad	3,769,640	0.64
19	Tee Cheng Hu	3,038,280	0.51
20	Amanah Saham Pahang Berhad	3,002,420	0.51
21	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Lip Hian	2,883,720	0.49
22	Tee Chain Yee	2,835,000	0.48
23	Tee Lip Sin	2,331,280	0.39
24	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Lip Jen	2,183,580	0.37
25	Tee Lip Chuan	2,132,340	0.36
26	Kalsom binti Ahmad	2,100,000	0.35
27	RHB Nominees (Tempatan) Sdn. Bhd. RHB Islamic International Asset Management Berhad For Perbadanan Kemajuan Negeri Selangor	1,771,660	0.30
28	Lily Siah	1,453,820	0.25
29	Nowawi bin Abdul Rahman	1,362,600	0.23
30	Liow Boon Seng	1,207,600	0.20
	TOTAL	528,832,720	89.05



Shareholdings' Structure (Cont'd)

As at 29 March 2024

INFORMATION OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Name	NRIC / Registration No.	Nationality/ Country of Incorporated	Direct Holdings	
				No.	%
1	Perbadanan Kemajuan Pertanian Negeri Pahang <i>Share held through:-</i> Own Account - CDS No. 087-007-057838492	PKPNPECT142016	Malaysian Incorporated	149,523,360	25.18
			Total	149,523,360	25.18
2	Prosper Trading Sdn. Berhad <i>Share held through:-</i> Own Account - CDS No. 068-009-050705219 Own Account - CDS No. 068-019-024047938 Own Account - CDS No. 086-001-063842942	144561U	Malaysian Incorporated	33,158,664	5.58
				10,935,120	1.84
				96,828,480	16.31
			Total	140,922,264	23.73
3	Hikmat Elit Sdn. Bhd. <i>Share held through:-</i> Own Account - CDS No. 068-009-050707900 Own Account - CDS No. 068-019-036831386	562277U	Malaysian Incorporated	40,196,140	6.77
				13,683,120	2.30
			Total	53,879,260	9.07
4	LKPP Corporation Sendirian Berhad <i>Share held through:-</i> Own Account - CDS No. 058-003-002974525 TA Nominees (Tempatan) Sdn. Bhd. - CDS No. 058-003-004774634	199769V	Malaysian Incorporated	34,861,176	5.87
				508,200	0.09
			Total	35,369,376	5.96
			TOTAL	379,694,260	63.94

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Names	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
1	YH Dato' Sri Kamaruddin bin Mohammed <i>Shares held through:-</i> <i>By Virtue of Ybhg Datin Sri Kalsom bt Ahmad is his spouse</i> <i>By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i> <i>By Virtue of Khairatul Ilyana bt Kamaruddin is his daughter</i> <i>By Virtue of Khairatul Afiza bt Kamaruddin is his daughter</i> <i>By Virtue of Insan Sejagat Sdn. Bhd. is a family-owned Company</i>	-	-		
				2,100,000	0.36
				420,000	0.07
				200,000	0.03
				200,000	0.03
				12,840,000	2.16
				15,760,000	2.65



Shareholdings Structure (Cont'd)

As at 29 March 2024

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Names	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
2	Mr Tee Kim Tee @ Tee Ching Tee <i>Shares held through:-</i> <i>Individual Account - CDS No. 068-009-050698323</i> <i>Affin Hwang Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 068-009-050757608</i> <i>Affin Hwang Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 068-019-009567678</i>	501,480	0.08	-	-
		10,458,440	1.76		
		8,190,000	1.38		
		19,149,920	3.22		
3	Mr Tee Cheng Hua <i>Shares held through:-</i> <i>Individual Account - CDS No. 086-001-013021316</i>	8,762,200	1.48	-	-
4	Mr Tee Lip Teng <i>Shares held through:-</i> <i>Individual Account - CDS No. 086-001-049003551</i> <i>Individual Account - CDS No. 068-019-049136559</i>	420,000	0.07	-	-
		840,000	0.14		
		1,260,000	0.21		
5	YH Dato' Asmin binti Yahya <i>Shares held through:-</i> <i>Individual Account - CDS No. 076-002-026589689</i>	339,600	0.06	-	-
6	Encik Nik Mohamed Zaki bin Nik Yusoff <i>Shares held through:-</i> <i>Individual Account - CDS No. 068-019-074480179</i> <i>Kenanga Nominees (Tempatan) Sdn. Bhd.</i> <i>- CDS No. 073-001-066166513</i>	60,000	0.01	-	-
		2,500	0.00		
		62,500	0.01		
7	YH Datuk Mohd Afrizan bin Husain <i>Shares held through:-</i> <i>Kenanga Nominees (Tempatan) Sdn. Bhd.</i> <i>- CDS No. 073-001-058732694</i>	150,000	0.03	-	-
8	YH Dato' Suhaimi bin Mohd Yunus <i>Shares held through:-</i> <i>Affin Hwang Investment Bank Berhad</i> <i>- CDS No. 068-009-074576885</i>	100,000	0.02	-	-
9	Ms Ng Yee Kim	-	-	-	-
	TOTAL	29,824,220	5.02	15,760,000	2.65



GROUP PROPERTIES

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hectare/ Square Meter)	Usage	Net Book Value As At 31.12.2023 RM'000
Far East Holdings Berhad					
Sungai Seraya Estate	H.S(D) 61	2079	161.8744 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 62	2079	258.9990 ha		
Pahang Darul Makmur	H.S(D) 63	2079	230.6710 ha		
	H.S(D) 64	2079	190.2024 ha		
	PN 16273	2103	60.5700 ha		
	PN 16839	2103	10.2200 ha		
	H.S(D) 5787	2119	4.0650 ha		
	H.S(D) 5788	2119	60.3050 ha		
Bukit Jin Estate	H.S(D) 3171	2079	420.8734 ha	Oil Palm Cultivations	
Daerah Bera	H.S(D) 3172	2079	420.8724 ha		
Pahang Darul Makmur	H.S(D) 3173	2079	190.2020 ha		
	H.S(D) 3174	2079	230.6705 ha		
	H.S(D) 3177	2079	384.4508 ha		
	H.S(D) 3178	2079	36.4217 ha		
	H.S(D) 3179	2079	68.7965 ha		
	H.S(D) 3180	2079	68.7965 ha		
	H.S(D) 11125	2119	65.1690 ha		
	H.S(D) 11126	2119	90.4440 ha		
	H.S(D) 11130	2120	128.8300 ha		
Sungai Rasau Estate	PN 31436	2091	118.1000 ha	Oil Palm Cultivations	
Daerah Pekan					
Pahang Darul Makmur					
Sungai Batu Estate	PN 18576	2103	873.6000 ha	Oil Palm Cultivations	
Daerah Kuantan	PN 24400	2112	33.3000 ha		
Pahang Darul Makmur					
Chengal Estate	H.S(D) 4147	2106	1,103.0100 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 4148	2106	1,096.9900 ha		
Pahang Darul Makmur					
DSK Estate^a	PN 28633	2112	1,297.0000 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 5774	2119	121.4060 ha		
Pahang Darul Makmur					
Cenderawasih Estate^a	H.S(D) 3703	2070	222.1721 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 3710	2070	468.2217 ha		
Pahang Darul Makmur	H.S(D) 3774	2072	394.1632 ha		
	H.S(D) 3850 ^d	2074	628.8805 ha		
	H.S(D) 67	2079	85.3888 ha		
	H.S(D) 68	2079	193.8446 ha		
	H.S(D) 69	2079	141.6401 ha		
Sungai Sawak Estate^a	H.S(D) 5663	2117	796.2070 ha	Oil Palm Cultivations	
Daerah Rompin					
Pahang Darul Makmur					



Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hectare/ Square Meter)	Usage	Net Book Value As At 31.12.2023 RM'000
Far East Holdings Berhad (Cont'd)					
Bandar Indera Mahkota^a	PN 7721	2096	8.8240 ha	Building	
Land Nearby	PN 28616	2114	158.1000 ha	Oil Palm	
Sungai Marung Estate	H.S(M) 7647	2114	1.4890 ha	Cultivations	
	H.S(D) 5087	2115	31.8020 ha		
	H.S(D) 5456	2116	26.5970 ha		
	PN 27916	2117	12.7800 ha		
Land Nearby	H.S(D) 5088	2115	11.5600 ha	Oil Palm	
Sungai Gayung Estate				Cultivations	
Land Nearby	H.S(D) 4850	2113	44.6500 ha	Oil Palm	
Bukit Serok Estate	H.S(D) 4851	2113	145.8900 ha	Cultivations	
Land Nearby	H.S(D) 5005	2114	58.4620 ha	Oil Palm	
Kampong Aur Estate				Cultivations	
Land Nearby	H.S(D) 11009	2116	8.5000 ha	Oil Palm	
Cempaka Estate	H.S(D) 11010	2116	17.0120 ha	Cultivations	
	H.S(D) 11011	2116	17.8220 ha		
Land Nearby	H.S(D) 5004	2114	12.1000 ha	Oil Palm	
Dawn Estate				Cultivations	
Land Nearby	H.S(D) 5330	2116	40.8200 ha	Oil Palm	
Juasa Estate^f	PN 31438	2116	221.9000 ha	Cultivations	
	PN 31439	2116	54.7200 ha		
	PN 31440	2119	142.1000 ha		
Land Nearby	PN 30508	2121	67.3800 ha	Oil Palm	
Simpai Estate^f				Cultivations	
Land Nearby	H.S(M) 2050	2121	0.279 ha	Commercial	
Chengal Estate					
11,739.1446 ha					566,556
Far East Holdings Berhad (Head Office) ^a	Level 23 Menara Zenith Jalan Putra Square 6 25200 Kuantan Pahang Darul Makmur	Owned	14,444.40 sq.m	Head Office	
					2,277



Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hectare/ Square Meter)	Usage	Net Book Value As At 31.12.2023 RM'000
Dawn Oil Palm Plantations Sdn. Bhd.					
Dawn Estate	H.S(D) 11	2075	297.8482 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 18	2076	133.1414 ha		
Pahang Darul Makmur	H.S(D) 57	2079	242.8116 ha		
	H.S(D) 58	2079	177.7600 ha		
	H.S(D) 3719	2071	11.3312 ha		
	H.S(D) 3772	2072	236.3360 ha		
	H.S(D) 3773	2072	14.5687 ha		
	H.S(D) 4115	2103	114.1800 ha		
	PN 7815	2103	218.9000 ha		
	PN 19605	2071	138.2000 ha		
	H.S(D) 4852	2113	220.0000 ha		
	PN 17098	2103	23.7700 ha		
Cempaka Estate	H.S(D) 988	2096	452.6000 ha	Oil Palm Cultivations	
Daerah Bera					
Pahang Darul Makmur					
2,281.4471 ha					68,239
B.S. Oil Palm Plantations Sdn. Bhd.					
Bukit Serok Estate	H.S(D) 8	2075	350.4572 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 16	2076	346.8150 ha		
Pahang Darul Makmur	H.S(D) 50	2085	357.8000 ha		
	H.S(D) 59	2079	171.9916 ha		
	H.S(D) 60	2079	248.8819 ha		
	H.S(D) 3716	2071	136.3788 ha		
	H.S(D) 3717	2071	137.1882 ha		
	H.S(D) 3741	2071	290.1591 ha		
	PN 17048	2103	27.7900 ha		
2,067.4618 ha					62,185
Far East Delima Plantations Sdn. Bhd.					
Delima Estate ^b	H.S(D) 4568	2103	2,830.8500 ha	Oil Palm Cultivations	
Daerah Rompin					
Pahang Darul Makmur					
2,830.8500 ha					30,598



Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hectare / Square Meter)	Usage	Net Book Value As At 31.12.2023 RM'000
F.E. Rangkaian Sdn. Bhd.					
Rangkaian Estate^b	H.S(D) 4805 ^e	2112	728.4500 ha	Oil Palm	
Daerah Rompin	H.S(D) 4806	2112	687.9800 ha	Cultivations	
Pahang Darul Makmur					
1,416.4300 ha					22,585
Kilang Kosfarm Sdn. Bhd. ^c	H.S(D) 3896	2070	123.8339 ha	Oil Palm Cultivations	
123.8339 ha					370
Grand Total					20,459.1674 ha 752,810

Notes:

- ^a The value is based on acquisition price whereby all other properties is based on revaluation carried out in 2015 except for Bandar Indera Mahkota Land which is based on the current value.
- ^b The land is leased from Rangkaian Delima Sdn. Bhd.
- ^c The land is subleased from Kampong Aur Oil Palm Company (Sdn.) Berhad.
- ^d 10.064 hectares of the land is subleased to Prosper Capital Holdings Sdn. Bhd.
- ^e 20.2347 hectares of the land is subleased to Merchong Palm Oil Mill Sdn. Bhd.
- ^f The land is subleased to Prosper Capital Holdings Sdn. Bhd.



I/We NRIC No./Passport No./Company No.:

Tel No.: CDS Account No.: Number of Shares Held:

Address:

being a member/members of **FAR EAST HOLDINGS BERHAD [197301001753 (14809-W)]**, hereby appoint:-

Name	Address	NRIC No./ Passport No./ Company No.	Proportion of Shareholdings (%)

or failing him/her, *the CHAIRMAN OF THE MEETING, as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the **50th ANNUAL GENERAL MEETING** of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 12 June 2024 at 10.00 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the word "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint more than one (1) proxy and wish them to vote differently this should be specified.

My/Our proxy/proxies is/are to vote as indicated below:-

No.	Resolutions		For	Against
1.	To approve the payment of a final single tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2023 as recommended by Directors.	Ordinary Resolution 1		
2.	To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:- (a) YH Dato' Sri Kamaruddin bin Mohammed (b) YH Datuk Mohd Afrizan bin Husain (c) Ms Ng Yee Kim	Ordinary Resolution 2 Ordinary Resolution 3 Ordinary Resolution 4		
3.	To approve the payment of fees to the Directors up to an amount of RM780,000 from the 50 th AGM until the next AGM of the Company.	Ordinary Resolution 5		
4.	To approve the payment of benefits to the Directors up to an amount of RM1,891,250 from the 50 th AGM until the next AGM of the Company.	Ordinary Resolution 6		
5.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to determine their remuneration.	Ordinary Resolution 7		
6.	Proposed Renewal of Shareholders' Mandate for Existing RRPT.	Ordinary Resolution 8		

Signed this day of 2024

.....
Signature/Company Seal of Shareholder

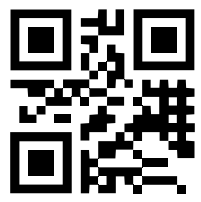


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STAMP

COMPANY SECRETARY
FAR EAST HOLDINGS BERHAD
Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

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www.fehb.com.my



Far East Holdings Berhad 197301001753 (14809-W)

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