

THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 12 JANUARY 2021 ISSUED BY MAYBANK INVESTMENT BANK BERHAD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all your Offer Shares (as defined herein), you should hand this IAC immediately to the person through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

Pursuant to Rule 11 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia (“SC”) has notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.



FGV HOLDINGS BERHAD
(Registration No. 200701042133 (800165-P))
(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS OF THE OFFER SHARES
IN RELATION TO THE UNCONDITIONAL MANDATORY TAKE-OVER OFFER**

BY

FEDERAL LAND DEVELOPMENT AUTHORITY (“OFFEROR”)
(Established under the Land Development Act 1956 (Act 474))

THROUGH

MAYBANK INVESTMENT BANK BERHAD
(Registration No. 197301002412)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE

ALL THE REMAINING ORDINARY SHARES IN FGV HOLDINGS BERHAD (“FGV”) (“FGV SHARES”) (EXCLUDING TREASURY SHARES) WHICH ARE NOT ALREADY HELD BY THE OFFEROR AND THE PERSONS ACTING IN CONCERT WITH IT, INCLUDING ALL FGV SHARES UNDER FGV’S LONG TERM INCENTIVE PLAN FOR A CASH CONSIDERATION OF RM1.30 PER OFFER SHARE (“OFFER”)

Independent Adviser

RHB◆InvestmentBank

(Registration No.: 197401002693 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 22 January 2021

DEFINITIONS

The following definitions shall apply throughout this IAC and the accompanying appendices unless the context requires otherwise or where otherwise defined herein:

Accepting Holder	: Holder who accepts the Offer in accordance with the terms and conditions of the Offer
Acquisition	: Acquisition by the Offeror of 506,190,800 FGV Shares, representing approximately 13.88% equity interest in FGV, from the respective Vendors for a total cash consideration of RM658,048,040 or RM1.30 per FGV Share
Act	: Companies Act 2016
Board	: Board of Directors of FGV
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Closing Date	: (i) First Closing Date; or (ii) if the Offer is revised or extended in accordance with the Rules and the terms and conditions of the Offer Document, such other revised or extended closing date as the Offeror may decide and as may be announced by Maybank Investment Bank on behalf of the Offeror, at least two days before the relevant closing date
CMSA	: Capital Markets and Services Act, 2007
COVID-19	: Coronavirus disease 2019
CPO	: Crude palm oil
CSPAs	: Two conditional share purchase agreements both dated 8 December 2020 entered into between the Offeror and the respective Vendors in relation to the Acquisition which became unconditional on 22 December 2020
DCF	: Discounted cash flow
Directors	: Directors of FGV
Dissenting Holder	: Any Holder who has not accepted the Offer and/or failed or refused to transfer his/her Offer Shares to the Offeror in accordance with the terms and subject to the conditions of the Offer Document
Distributions	: Any dividend and/or distribution that FGV declares, makes or pays to its shareholders
EV	: Enterprise value
EV/EBITDA	: Enterprise value-to-earnings before interest, tax, depreciation and amortisation ratio
FCFE	: Free cash flow to equity

DEFINITIONS

FELDA Asset	:	Felda Asset Holdings Company Sdn Bhd (Registration No.201201010615 (984135-P))
FELDA or Offeror	:	Federal Land Development Authority Federal Land Development Authority
FFB	:	Fresh fruit bunches
FGV Group or Group	:	Collectively, FGV and its subsidiary companies
FGV LTIP	:	Long term incentive plan in the form of an employee share grant scheme established by FGV for a period of 10 years commencing from 3 February 2016
FGV or Offeree	:	FGV Holdings Berhad (Registration No. 200701042133 (800165-P))
FGV Shares or Shares	:	Ordinary shares in FGV
First Closing Date	:	5:00 p.m. (Malaysian time) on 2 February 2021, being 21 days from the Posting Date
Forms of Acceptance and Transfer	:	The forms of acceptance and transfer for the Offer Shares, as enclosed with the Offer Document
FPE	:	Financial period ended
FYE	:	Financial year ended or financial year ending, as the case may be
Government Appointed Director	:	A FGV's director appointed by the Minister of Finance (Incorporated), the holder of the Special Share in FGV
Holders	:	Holders of the Offer Shares
IAC	:	Independent advice circular to the Holders in relation to the Offer dated 22 January 2021 comprising the letter from the Board (as set out in Part A of this IAC), the IAL (as set out in Part B of this IAC), and accompanying appendices
IAL	:	Independent advice letter dated 22 January 2021 from RHB Investment Bank to the Holders
Interested Directors	:	Collectively, Datuk Wira Azhar Abdul Hamid, Dato' Shahrol Anuwar Sarman, Dr. Zunika Mohamed and Dato' Amiruddin Abdul Satar
IPO	:	Initial public offering
KPF	:	Koperasi Permodalan FELDA Malaysia Berhad
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan) (Registration No. KWAPACT6622007)
Land Lease Agreement	:	Land lease agreement dated 1 November 2011 between FELDA and Felda Global Ventures Holdings Sdn Bhd (currently known as FGV) as novated pursuant to the novation agreement dated 6 January 2012 between FGV, FELDA and Felda Global Ventures Plantations (Malaysia) Sdn Bhd
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

DEFINITIONS

LPD	:	15 January 2021, being the latest practicable date before the issuance of this IAC
Market Day	:	Any day on which Bursa Securities is open for trading of securities
Maybank Investment Bank	:	Maybank Investment Bank Berhad (Registration No. 197301002412)
MCO	:	Movement control order imposed by the Government of Malaysia to contain the outbreak of the COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards
MSM Malaysia	:	MSM Malaysia Holdings Berhad (Registration No. 201101007583 (935722-K))
NA	:	Net assets
Non-Interested Directors	:	Collectively, Dato' Yusli Mohamed Yusoff, Datuk Mohd Anwar Yahya, Datin Hoi Lai Ping, Dr. Mohamed Nazeeb P. Alithambi and Dr. Nesadurai Kalanithi
Non-Resident Holders	:	Holders, including without limitation, any custodians, nominees and trustees, who are citizens or nationals of, or residents in, or have registered addresses in jurisdictions outside Malaysia, or are incorporated or registered with, or approved by authorities outside Malaysia or are non-residents within the definition prescribed under the Financial Services Act, 2013
Notice	:	Notice of the Offer dated 22 December 2020 served on the Board by Maybank Investment Bank on behalf of the Offeror
Notice LTD	:	21 December 2020, being the last full trading day before the date of the Notice
Offer	:	Unconditional mandatory take-over offer by the Offeror, through Maybank Investment Bank, to acquire all the Offer Shares at the Offer Price in accordance with the terms and conditions set out in the Offer Document
Offer Document	:	Offer document dated 12 January 2021 which contains the details of the Offer together with the form of acceptance and transfer for the Offer Shares
Offer Document LPD	:	5 January 2021, being the latest practicable date of the Offer Document
Offer Period	:	The period commencing from 8 December 2020, being the date of signing of the CSPAs until the earlier of: (i) the Closing Date; or (ii) the date on which the Offer lapses or is withdrawn with the prior written consent of the SC
Offer Price	:	Cash offer price of RM1.30 per Offer Share

DEFINITIONS

Offer Shares	:	All the remaining FGV Shares (excluding treasury shares) which are not already held by the Offeror and the PACs, including all FGV Shares under the FGV LTIP. As at the Offer Document LPD, the Offer Shares comprise 1,806,274,000 FGV Shares, which represent approximately 49.51% of the total issued shares of FGV (excluding treasury shares)
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
PACs	:	Persons acting in concert with the Offeror for the Offer pursuant to Sections 216(2) and 216(3) of the CMSA and the Rules
Posting Date	:	12 January 2021, being the date of posting of the Offer Document
Press Notice LTD	:	7 December 2020, being the last full trading day before the date of the press notice on the signing of the CSPAs
Public Spread Requirement	:	The requirement pursuant to Paragraph 8.02(1) of the Listing Requirements which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are held by public shareholders to ensure its continued listing on the Main Market of Bursa Securities
RHB Investment Bank or Independent Adviser	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P)), the Independent Adviser appointed by the Non-Interested Directors in accordance with Paragraph 3.06 of the Rules to provide comments, opinions, information and recommendation on the Offer to the Non-Interested Directors and the Holders
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
SC	:	Securities Commission Malaysia
SHS	:	Puan Salina binti Hj Samsudin
SJMS	:	Encik Sulong Jamil Mohamed Shariff
SOPV	:	Sum-of-parts valuation
Special Share	:	Special share in FGV held by the Minister of Finance (Incorporated)
UJSB	:	Urusharta Jamaah Sdn Bhd (Registration No. 201801045610 (1307642-V))
Vendors	:	Collectively, KWAP and UJSB
VWAMP	:	Volume-weighted average market price

CURRENCY

RM and sen	:	Ringgit Malaysia and sen
USD	:	United States Dollar

PRESENTATION OF INFORMATION

Words denoting the singular shall, where applicable, include the plural and vice-versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. Any references to persons shall include corporations, unless otherwise specified.

If a period that is specified in this IAC ends on a day that is not a Market Day, the period shall be extended until the next Market Day.

All references to "**you**" or "**Holder**" in this IAC are to each Holder, being the person to whom the Offer is being made.

All references to "**we**", "**us**" and "**our**" in Part B of this IAC are to RHB Investment Bank, being the Independent Adviser. Any discrepancies in the tables included in this IAC between the amounts listed, actual figures and the total thereof are due to rounding.

Any reference in this IAC to any enactment or guideline in this IAC is reference to that enactment or guideline for the time being amended or re-enacted. Any references to a time of a day in this IAL shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. THE HOLDERS ARE ADVISED TO READ BOTH PART A: LETTER FROM THE BOARD AND PART B: IAL FROM RHB INVESTMENT BANK FOR THEIR VIEWS AND RECOMMENDATIONS IN RELATION TO THE OFFER. THIS IAC SHOULD ALSO BE READ TOGETHER WITH THE OFFER DOCUMENT.

1. INTRODUCTION

On 8 December 2020, the Offeror entered into CSPAs for the Acquisition. Details of the Acquisition are as follows:

<u>Name of the vendors</u>	<u>No. of FGV Shares acquired</u>	<u>%</u>	<u>Transacted price per FGV Share (RM)</u>	<u>Cash consideration (RM)</u>
KWAP	222,480,700	6.10	1.30	289,224,910
UJSB	283,710,100	7.78	1.30	368,823,130
Total	506,190,800	13.88		658,048,040

The CSPAs have become unconditional on 22 December 2020 and the Acquisition was subsequently completed on 24 December 2020.

As a result of the Acquisition, the shareholding of the Offeror in FGV increased from 21.24% to approximately 35.12% and the collective shareholding of the Offeror and the PACs in FGV increased from 36.61% to approximately 50.49%. Accordingly, Maybank Investment Bank, on behalf of the Offeror, served the Notice on the Board in accordance with Paragraph 9.10(1)(b)(i) of the Rules to acquire all the Offer Shares pursuant to Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules on 22 December 2020. For the avoidance of doubt, all FGV Shares under the FGV LTIP will be treated as part of the Offer Shares.

On 22 December 2020, the Board had announced the receipt of the Notice and a copy of the Notice has been despatched to the Holders on 28 December 2020.

On 30 December 2020, in accordance with Paragraph 3.06 of the Rules, FGV announced that the Board (save for the Interested Directors) had appointed RHB Investment Bank as the Independent Adviser of FGV to advise the Non-Interested Directors and the Holders in respect of the fairness and reasonableness of the Offer. Following thereto, RHB Investment Bank had, vide its letter dated 30 December 2020 declared its independence from conflict of interest or potential conflict of interest to act as the Independent Adviser in relation to the Offer.

Pursuant to Paragraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 20 January 2021, notified that it has no further comments to this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

In addition to this IAC, you should have by now received a copy of the Offer Document which sets out the details, terms and conditions of the Offer together with the procedures for acceptance and method of settlement of the Offer.

Subsequent to the Offer Document LPD and up until the LPD, the Offeror had acquired a total of 27,147,200 FGV Shares from the open market and received 104,391,200 valid acceptances of the Offer Shares, resulting in (i) its equity interest in FGV increasing from approximately 35.12% to approximately 38.72% and (ii) the collective shareholding of the Offeror and the PACs in FGV increasing from 50.49% to approximately 54.09%.

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As at the LPD, there is no ultimate offeror for the Offer, and PACs are as follows:

- (i) FELDA Asset, being a wholly-owned subsidiary of FELDA;
- (ii) KPF, being an entity who is accustomed to act in accordance with the instructions of FELDA by virtue of the fact that YBhg. Dato' Amir Hamdan bin Yusof who is the chairman of KPF, Encik Norzuki bin Mustafa who is the secretary of KPF, and Encik Hasrin bin Ismail who is the treasurer of KPF (effective date of appointment is 28 December 2020) are part of the management team in FELDA.

For the information of the Holders, Puan Norfazlin binti Dato' Idris is the previous treasurer of KPF;

- (iii) SJMS, being a director of the Offeror; and
- (iv) SHS, being the wife of SJMS.

The details of the direct and indirect interests of the Offeror and the PACs in FGV as at the LPD are as follows:

	Direct		Indirect	
	No. of FGV Shares	%	No. of FGV Shares	%
<u>Offeror</u>				
FELDA	1,412,759,000	38.72	452,921,192 ⁽¹⁾	12.42
<u>PACs</u>				
FELDA Asset	452,921,192	12.42	-	-
KPF	107,709,908	2.95	-	-
SJMS	25,000	*	-	-
SHS	800	*	-	-
Total	1,973,415,900	54.09	452,921,192	12.42

Note:

* Negligible.

- (1) Deemed interested by virtue of its interest in FELDA Asset pursuant to Section 8(4) of the Act.

THE PURPOSE OF THIS IAC IS TO PROVIDE YOU THE RELEVANT INFORMATION ON THE OFFER AND THE VIEW AND RECOMMENDATION OF THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF RHB INVESTMENT BANK. YOU ARE ADVISED TO READ BOTH THIS IAC AND THE OFFER DOCUMENT AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN THIS IAC BEFORE TAKING ANY ACTION.

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2. TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer include the following:

Consideration for the Offer : The Offeror will pay to the Accepting Holders a cash consideration of **RM1.30 per Offer Share**.

If the Offeree declares, makes or pays any Distribution on or after the date of the Notice but before the Closing Date in respect of any of FGV Shares and the Holders are entitled to retain such Distribution, the Offer Price shall be reduced by the amount equivalent to the net Distribution per FGV Share which the Holders are entitled to retain in respect of FGV Shares.

As at the LPD, FGV has not declared any Distribution in respect of FGV Shares which is payable on or after the date of the Notice.

The cash consideration payable to a Holder pursuant to the acceptance of the Offer will be rounded down to the nearest whole sen, where applicable. The Offeror will not pay fractions of a sen, if any, to the Accepting Holders. The Holders may accept the Offer in respect of either all or a part of their Offer Shares.

Condition of the Offer : The Offer is **not conditional** upon the receipt of any minimum level of valid acceptances of the Offer Shares since the Offeror and the PACs currently hold in aggregate more than 50% of the voting shares in FGV.

Duration of the Offer : The Offer will remain open for acceptances until **5.00 p.m. (Malaysian time) on 2 February 2021, being the First Closing Date, or such later date or dates as the Offeror may decide** and as may be announced by Maybank Investment Bank, on behalf of the Offeror, at least two days before the Closing Date, unless the Offeror withdraws the Offer with the SC's written approval and in such event, every person shall be released from any obligation incurred under the Offer. Such announcement will state the next closing date of the Offer.

Notice of such extension or revision will be posted to the Holders accordingly.

Method of settlement : The settlement of the consideration for the Offer Shares will be effected through remittance into the Accepting Holders' bank account, details of which have been registered with Bursa Depository for the purpose of cash dividend/distribution ("**Bank Account Details**"), or if the Accepting Holders have not registered such details with Bursa Depository prior to the date of complete and valid acceptances by the Accepting Holders in accordance with the terms and conditions set out in the Offer Document, in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at their own risk, **within 10 days from the date of such complete and valid acceptances in all respects in accordance with the terms and conditions set out in the Offer Document**.

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Accepting Holders are strongly encouraged to register and/or update their Bank Account Details in order to receive the consideration for the Offer Shares in their bank accounts.

Non-Resident Holders are advised that the settlement for the acceptances of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by the respective financial institutions.

Please refer to **Section 2 of the Offer Document** and **Appendix I of the Offer Document** for the full terms and conditions of the Offer as well as **Appendix II of the Offer Document** for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, the Offeror had received 104,391,200 valid acceptances of Offer Shares.

4. EVALUATION OF THE OFFER

In arriving at its conclusion and recommendation, RHB Investment Bank has assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:

- (i) the term **“fair and reasonable”** should generally be analysed as two distinct criteria, i.e. whether the Offer is **“fair”** and whether the Offer is **“reasonable”**, rather than as a composite term;
- (ii) the Offer is considered as **“fair”** if the Offer Price is equal to or higher than the market price and is also equal to or higher than value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as **“not fair”**. In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;
- (iii) in considering whether the Offer is **“reasonable”**, RHB Investment Bank has taken into consideration matters other than the valuation of the Offer Shares; and
- (iv) generally, a take-over offer would be considered **“reasonable”** if it is **“fair”**.

Nevertheless, RHB Investment Bank may also recommend for the Holders to accept the Offer despite it being **“not fair”**, if RHB Investment Bank is of the view that there are sufficiently strong reasons to accept the Offer in the absence of a higher bid and such reasons should be clearly explained.

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If RHB Investment Bank concludes that the Offer is “**not fair but reasonable**”, RHB Investment Bank must clearly explain the following:

- (i) what is meant by “**not fair but reasonable**”;
- (ii) how has RHB Investment Bank reached to this conclusion; and
- (iii) the course of action that the Holders are recommended to take pursuant to the conclusion.

4.1 Fairness of the Offer

In assessing the fairness of the Offer, RHB Investment Bank has considered the following factors:

Considerations	Assessment
Valuation of FGV Shares	The Offer Price is lower and represents a discount of between RM0.12 (8.5%) and RM0.30 (18.8%) over the range of estimated value per FGV Share derived using the SOPV method of between RM1.42 and RM1.60.
Historical share price analysis of FGV Shares	(i) Up to and including the Press Notice LTD: The Offer Price represents a premium ranging from RM0.03 (2.36%) to RM0.16 (14.04%) over the last traded price of FGV Shares as at the Press Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Press Notice LTD. (ii) Up to and including the Notice LTD: The Offer Price represents a premium ranging from RM0.08 (6.56%) to RM0.17 (15.04%) over the last traded price of FGV Shares as at the Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD. (iii) Up to and including the LPD: The Offer Price represents a range of premium of up to RM0.03 (2.36%) over the last traded price of FGV Shares as at the LPD, and the 5-day and 1-month VWAMPs up to and including the LPD.

Based on the above, RHB Investment Bank's view is the Offer is **NOT FAIR** as the Offer Price of RM1.30 per Offer Share is **lower** and represents a **discount** of between RM0.12 (8.5%) and RM0.30 (18.8%) over the range of estimated value per FGV Share derived using the SOPV method of between RM1.42 and RM1.60.

Please refer to Section 6 of Part B of this IAC for further details.

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4.2 Reasonableness of the Offer

In assessing the reasonableness of the Offer, RHB Investment Bank has considered the following factors:

Considerations	Assessment
No alternative proposal	(i) As at the LPD, the Board has not received any alternative proposal for the Offer Shares (including any offer to acquire the assets and liabilities of FGV Group). (ii) In view of the collective shareholding of the Offeror and the PACs in FGV of 54.09% as at the LPD, any alternative proposal will not be successful unless with their support.
Level of control of the Offeror and PACs	In view of the majority stake of the Offeror and the PACs in FGV of 54.09% as at the LPD, unless the Offeror and the PACs are required to abstain from voting on resolutions sought at shareholders' general meetings of FGV, the Offeror and the PACs have control over matters and are able to determine the outcome of resolutions sought at such general meetings on any ordinary resolutions (as such resolutions only require approval from more than 50% of the total votes cast) as well as any special resolutions (as such resolutions require approval from at least 75% of the total votes cast). Save for the Offeror and the PACs, and Kerajaan Negeri Pahang, there is no other substantial shareholder in FGV.
Listing status of FGV	The Offeror does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities, and intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Dissenting Holders. Should there be any suspension in trading / delisting of FGV Shares consequent to the circumstances above, the Holders will not be able to trade these securities on the Main Market of Bursa Securities. Further, when the Offeror accumulates a higher shareholding level (beyond the collective shareholdings of the Offeror and the PACs in FGV of 54.09% as at the LPD) as a result of valid acceptances received pursuant to the Offer and/or via further acquisitions, the liquidity of FGV Shares and the Holders' ability to dispose of their FGV Shares in the open market after the Closing Date may be constrained. Hence, the Offer may represent an avenue for the Holders (especially for those holding a significant number of FGV Shares) to realise their investment in FGV Shares for cash at the Offer Price.

Based on the above, RHB Investment Bank's view is the Offer is **REASONABLE**.

Please refer to Section 7 of Part B of this IAC for further details.

5. CONCLUSION AND RECOMMENDATION**5.1 By RHB Investment Bank**

Premised on the above evaluation, RHB Investment Bank is of the opinion that the Offer is **NOT FAIR** but **REASONABLE**. Accordingly, RHB Investment Bank recommends that the Holders to **ACCEPT** the Offer.

However, the decision to be made would rest on the individual risk appetite and specific investment requirements of the Holders. If the Holders so wish and if the trading liquidity permits, they may consider disposing of their FGV Shares in the open market if the market share prices of FGV Shares are higher than the Offer Price, after taking into consideration the associated transaction costs and assuming that there will not be any revision to the Offer Price.

The Holders are advised to closely monitor the market share price, trading volume and any press releases and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.

Please refer to Section 11 of Part B of this IAC for further details.

5.2 By the Non-Interested Directors

The following Interested Directors have abstained from deliberating and voting at the Board meetings of FGV, and making any recommendation to the Holders in relation to the Offer:

- (i) Datuk Wira Azhar Abdul Hamid;
- (ii) Dato' Shahrol Anuwar Sarman;
- (iii) Dr. Zunika Mohamed; and
- (iv) Dato' Amiruddin Abdul Satar.

The Non-Interested Directors:

- (i) Dato' Yusli Mohamed Yusoff;
- (ii) Datuk Mohd Anwar Yahya;
- (iii) Datin Hoi Lai Ping;
- (iv) Dr. Mohamed Nazeeb P. Alithambi; and
- (v) Dr. Nesadurai Kalanithi,

after careful examination of the terms and conditions of the Offer and the rationale for the Offer and future plans for FGV Group and its employees as disclosed in the Offer Document and taking into consideration the opinions, views and recommendation by RHB Investment Bank as set out in Part B of this IAC, have **NOT CONCURRED** with the recommendation by RHB Investment Bank to Accept the Offer due to the following reasons:

- (i) the Offer Price is not fair, as it is below the fair value by the Independent Adviser ranging from RM1.42 to RM1.60 per FGV Share, or 8.5% to 18.8% below the fair value per FGV Share;

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- (ii) the management of FGV had since 2019 implemented a transformation programme (i.e. Business Plan 2019-2021) focusing on operational improvements and strengthening the governance and accountability in line with FGV's status as a public listed company;
- (iii) keeping FGV as a public listed company will ensure the transparency and timely disclosures of FGV, being one of the largest plantation companies in the world in terms of CPO production with over 3 million metric tonne ("MT") produced in 2019 (approximately 15.5% of Malaysia's production and 4.1% of world's production), and a company of significant public interest and impact on corporate world of Malaysia; and
- (iv) at IPO price of RM4.55 per FGV Share and now being offered to be acquired at RM1.30 per FGV Share, and taking into consideration of the significant improvement on the quality of plantation assets of FGV since IPO, the Non-Interested Directors are unable to, with clear conscience recommend the Offer as REASONABLE to the minority shareholders of FGV, which also include settlers and employees of FELDA and FGV respectively. The improvements made on the quality of plantation assets include amongst others, improvements to the average age profile from 16.25 years in 2012 to 13.77 years in 2019 through aggressive replanting efforts, incurring approximately RM5.3 billion since 2012 to cover replanting costs, improvements on housing for workers, and fertiliser costs, as well as increased landbank size since IPO from 382,603 hectares to 439,230 hectares in 2019 (excluding landbank held under joint venture and associates).

Accordingly, the Non-Interested Directors **RECOMMEND** that the Holders **REJECT** the Offer.

6. IMPORTANT DATES AND EVENTS

The important relevant dates in relation to the Offer are as follows:

Events	Dates
Date of Notice	22 December 2020
Posting of the Offer Document	12 January 2021
Last day for the Independent Adviser to issue this IAC	22 January 2021
First Closing Date ⁽¹⁾	2 February 2021

Note:

- (1) The Offer will remain open for acceptances until 5:00 p.m. (Malaysian time) on Tuesday, 2 February 2021, being the First Closing Date, unless revised or extended in accordance with the Rules. Any such revision or extension will be announced by Maybank Investment Bank, on behalf of the Offeror, at least two days before the Closing Date, and notice of such revision or extension will be posted to you accordingly.

EXECUTIVE SUMMARY

You should take note that if there is any further restriction to movement due to the implementation of the MCO (whether in conditional, restricted, enhanced or any other form) by the Government of Malaysia or any other emergency, electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your e-mail address with Bursa Depository via:

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or
- (ii) Bursa Anywhere mobile application (please refer to <http://www.bursamarketplace.com/anywhere/> for instructions to download the mobile application), which can be downloaded from Google Play Store or Apple App Store.

YOU ARE ADVISED TO READ THIS IAC CAREFULLY AND IN ITS ENTIRETY, TOGETHER WITH THE OFFER DOCUMENT AND ANY OTHER PUBLICLY AVAILABLE INFORMATION FOR MORE INFORMATION, AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

PART A

LETTER FROM THE BOARD



FGV HOLDINGS BERHAD
(Registration No. 200701042133 (800165-P))
(Incorporated in Malaysia)

Registered Office:
Level 21, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur

22 January 2021

Board of Directors:

Datuk Wira Azhar Abdul Hamid (Chairman, Non-Independent Non-Executive Director)
Dato' Yusli Mohamed Yusoff (Deputy Chairman, Independent Non-Executive Director)
Dato' Shahrol Anuwar Sarman (Non-Independent Non-Executive Director)
Dr. Zunika Mohamed (Non-Independent Non-Executive Director)
Dato' Amiruddin Abdul Satar (Non-Independent Non-Executive Director)
Datuk Mohd Anwar Yahya (Independent Non-Executive Director)
Datin Hoi Lai Ping (Independent Non-Executive Director)
Dr. Mohamed Nazeeb P. Alithambi (Independent Non-Executive Director)
Dr. Nesadurai Kalanithi (Independent Non-Executive Director)

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY FELDA TO ACQUIRE THE OFFER SHARES AT THE OFFER PRICE OF RM1.30 PER OFFER SHARE

1. INTRODUCTION

On 8 December 2020, the Offeror entered into CSPAs for the Acquisition. Details of the Acquisition are as follows:

Name of the vendors	No. of FGV Shares acquired	%	Transacted price per FGV Share (RM)	Cash consideration (RM)
KWAP	222,480,700	6.10	1.30	289,224,910
UJSB	283,710,100	7.78	1.30	368,823,130
Total	506,190,800	13.88		658,048,040

The CSPAs have become unconditional on 22 December 2020 and the Acquisition was subsequently completed on 24 December 2020.

As a result of the Acquisition, the shareholding of the Offeror in FGV increased from 21.24% to approximately 35.12% and the collective shareholding of the Offeror and the PACs in FGV increased from 36.61% to approximately 50.49%. Accordingly, Maybank Investment bank, on behalf of the Offeror, served the Notice on the Board in accordance with Paragraph 9.10(1)(b)(i) of the Rules to acquire all the Offer Shares pursuant to Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules on 22 December 2020.

Under the FGV LTIP, FGV shall award the grant of up to 10% of the issued share capital of FGV (excluding treasury shares, if any), at any point in time during the duration of the FGV LTIP to the employees of FGV Group and executive directors of FGV, subject to fulfilment of the eligibility criteria and such other condition as may be imposed by the committee administering the FGV LTIP. For the avoidance of doubt, all FGV Shares under the FGV LTIP will be treated as part of the Offer Shares, and as at the LPD, there are no outstanding grants pending vesting under the FGV LTIP.

For clarity, as set out in Section 1.10 of the Offer Document, the Offer will not result in a mandatory offer by the Offeror to acquire all the remaining voting shares in MSM Malaysia not held by FGV as the holding by FGV in MSM Malaysia is not significant in view that the assets, market capitalisation, shareholders' funds and sales of MSM Malaysia are less than 50% of FGV Group, and securing control of MSM Malaysia is not the significant purpose of the Offeror acquiring statutory control of FGV.

On 22 December 2020, the Board had announced the receipt of the Notice and a copy of the Notice has been despatched to the Holders on 28 December 2020.

On 30 December 2020, in accordance with Paragraph 3.06 of the Rules, FGV announced that the Board (save for the Interested Directors) had appointed RHB Investment Bank as the Independent Adviser of FGV to advise the Non-Interested Directors and the Holders in respect of the fairness and reasonableness of the Offer. Following thereto, RHB Investment Bank had, vide its letter dated 30 December 2020 declared its independence from conflict of interest or potential conflict of interest to act as the Independent Adviser in relation to the Offer.

Pursuant to Paragraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 20 January 2021, notified that it has no further comments to this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

In addition to this IAC, you should have by now received a copy of the Offer Document which sets out the details, terms and conditions of the Offer together with the procedures for acceptance and method of settlement of the Offer.

As at the LPD, there is no ultimate offeror for the Offer, and PACs are as follows:

- (i) FELDA Asset, being a wholly-owned subsidiary of FELDA;
- (ii) KPF, being an entity who is accustomed to act in accordance with the instructions of FELDA by virtue of the fact that YBhg. Dato' Amir Hamdan bin Yusof who is the chairman of KPF and Encik Norzuki bin Mustafa who is the secretary of KPF, and Encik Hasrin bin Ismail who is the treasurer of KPF (effective date of appointment is 28 December 2020) are part of the management team in FELDA.

For the information of the Holders, Puan Norfazlin binti Dato' Idris is the previous treasurer of KPF;

- (iii) SJMS, being a director of the Offeror; and
- (iv) SHS, being the wife of SJMS.

Subsequent to the Offer Document LPD and up until the LPD, the Offeror had acquired a total of 27,147,200 FGV Shares from the open market and received 104,391,200 valid acceptances of the Offer Shares, resulting in (i) its equity interest in FGV increasing from approximately 35.12% to approximately 38.72% and (ii) the collective shareholding of the Offeror and the PACs in FGV increasing from 50.49% to approximately 54.09%.

The details of the direct and indirect interests of the Offeror and the PACs in FGV as at the LPD are as follows:

	Direct		Indirect	
	No. of FGV Shares	%	No. of FGV Shares	%
<u>Offeror</u>				
FELDA	1,412,759,000	38.72	452,921,192 ⁽¹⁾	12.42
<u>PACs</u>				
FELDA Asset	452,921,192	12.42	-	-
KPF	107,709,908	2.95	-	-
SJMS	25,000	*	-	-
SHS	800	*	-	-
Total	1,973,415,900	54.09	452,921,192	12.42

Notes:

* Negligible.

(1) Deemed interested by virtue of its interest in FELDA Asset pursuant to Section 8(4) of the Act.

You should take note that if there is any further restriction to movement due to the implementation of the MCO (whether in conditional, restricted, enhanced or any other form) by the Government of Malaysia or any other emergency, electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your e-mail address with Bursa Depository via:

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or
- (ii) Bursa Anywhere mobile application (please refer to <http://www.bursamarketplace.com/anywhere/> for instructions to download the mobile application), which can be downloaded from Google Play Store or Apple App Store.

THE PURPOSE OF THIS IAC IS TO PROVIDE YOU THE RELEVANT INFORMATION ON THE OFFER AND THE VIEW AND RECOMMENDATION OF THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF RHB INVESTMENT BANK. YOU ARE ADVISED TO READ BOTH THIS IAC AND THE OFFER DOCUMENT AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN THIS IAC BEFORE TAKING ANY ACTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer are set out in Section 2 of Part B of this IAC. Please refer to Section 2 of the Offer Document and Appendix I of the Offer Document for full terms and conditions of the Offer as well as Appendix II of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, the Offeror had received 104,391,200 valid acceptances of Offer Shares.

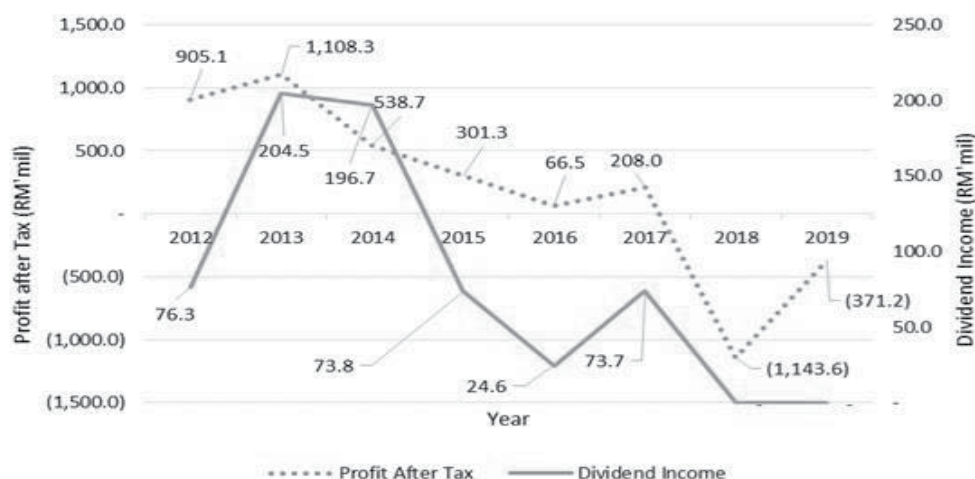
4. NON-INTERESTED DIRECTORS' COMMENTS

4.1 Rationale for the Acquisition and the Offer

The Non-Interested Directors have noted the rationale for the Acquisition and the Offer as set out in Section 3 of the Offer Document. The Non-Interested Directors take cognisance that:

- (i) FGV was incorporated in Malaysia under the Companies Act 1965 on 19 December 2007 and was the commercial arm of FELDA for its investments in the upstream and downstream palm oil business and other agribusinesses;
- (ii) in 2009, almost all of FELDA's downstream business entities were transferred to FGV. In 2012, FELDA embarked on a corporate restructuring exercise that involved the listing of FGV on the Main Market of Bursa Securities. As part of the listing plan, the commercial plantation lands previously under FELDA were leased to FGV via the Land Lease Agreement. FGV was subsequently listed on the Main Market of Bursa Securities on 28 June 2012 and since then, FELDA has been and is still a substantial shareholder of FGV;
- (iii) pursuant to a press statement released by the Minister in the Prime Minister's Department (Economy) on 28 October 2020 under the title "Pelan Pemulihan Felda" which was followed by a special briefing to the press editors held by FELDA on 30 October 2020, it was made known to the public that FELDA will be embarking on a transformation plan to make FELDA financially independent and sustainable. The plan entails, inter-alia, enhancing its core income from its lands which may or may not involve terminating the Land Lease Agreement and taking over the related palm oil mills subject to satisfactory discussions with FGV. Concurrently, the Offer was also considered and based on the advice from financial and legal advisers, the Offer represents the most efficient and effective approach for FELDA;
- (iv) the Acquisition represents an opportunity for FELDA to obtain statutory control of FGV together with the PACs in order to pursue its transformation plan and to restructure FELDA and its related companies to strengthen its core business in the plantation sector. The Acquisition will enhance FELDA's ability to control the plantation lands and integrated value-chain of FGV Group, which will pave the way for greater cooperation in the business activities of FELDA and FGV Group, and provide FELDA access to high value added downstream activities undertaken by FGV Group in the plantation sector;

- (v) FELDA has been incurring losses since 2013. For the FYE 31 December 2018, FELDA group incurred loss after tax of RM3,420.04 million. FELDA has been unable to recognise a good return from the Land Lease Agreement pursuant to which FGV is required to pay 15% of its yearly plantation operating profit attributable to the agreed leased area as FGV's profit after tax and the dividend income FELDA (together with FELDA Asset) received from FGV have been decreasing since 2013, as shown in the chart below:



- (vi) through the increase in operational and financial efficiencies by streamlining the entire value chain of upstream and downstream operations in the plantation sector respectively held by FELDA and FGV Group, the Acquisition is expected to contribute positively to the future earnings of FELDA and create sustainable synergies within the enlarged FELDA group. This in turn will allow FELDA to have sustainable cash flows to restore the performance and sustainability of FELDA through repayment of debt and improvement in operations; and
- (vii) the Offer undertaken pursuant to Section 218(2) of the CMSA and Paragraph 4.01 of the Rules provides an opportunity for FELDA to further increase its shareholding in FGV, thereby further consolidating its control in FGV. In turn, this would place FELDA in a better position to align the future strategy and business direction of FGV Group, primarily its plantation sector, to fully realise the benefits anticipated from the exercise.

Comments from Non-Interested Directors

The Non-Interested Directors are of the view that there is no certainty that the transformation plan to be embarked by the Offeror (i) to strengthen its core business in the plantation sector; and (ii) to increase operational and financial efficiencies via integration of operations, will materialise as expected. Further, as the Board is not privy to full details of the Offeror's transformation plan, it is not able to ascertain with certainty the expected benefits from the Offeror's transformation plan.

Further, the Non-Interested Directors wish to highlight the following to the Holders:

- (i) since 2018, FGV had implemented a transformation plan for FGV Group which entailed promoting a performance-oriented culture and the appointment of a professional management team to spearhead the transformation of FGV Group. The professional management team had been set to amongst others, improve operational efficiencies by intensifying crop recovery and relooking into FGV Group's replanting programme as the plantation segment will continue to remain as the core business of FGV Group. Further, the Board and management team had also emphasised on financial efficiencies of FGV Group, developing new earning streams from the circular economy to create value and expand into adjacent revenue streams such as tropical fruits, animal nutrition, dairy and livestock, and paddy cultivation. You may refer to the various chairman's letters, which have been announced by FGV on 30 April 2020, 8 January 2020, 21 June 2019 and 14 January 2019 on Bursa Securities, for further details and updates on FGV's transformation plan.

The Non-Interested Directors believe that the retention of such performance-oriented professional management team will enable FGV to compete in the market place and take its place among its peers; and

- (ii) in addition to FGV's obligation to pay 15% of its yearly plantation operating profit attributable to the agreed leased area to the Offeror under the Land Lease Agreement, FGV is also required to pay to the Offeror an annual fixed lease amount estimated at approximately RM248 million. Further, FGV had consistently met its obligations under the Land Lease Agreement and the Offeror had raised approximately RM5.5 billion of gross proceeds at the point of listing of FGV on the Main Market of Bursa Securities.

The Non-Interested Directors also wish to inform that the profit after tax of FGV for the:

- (i) FYE 31 December 2015, based on the restated amounts is RM367.1 million (before restated: RM301.3 million). The restatement was due to:
 - (a) change in the accounting policy for bearer plants from capital maintenance method to amortisation method to be in line with the accounting requirements of Financial Reporting Standard (FRS)116; and
 - (b) prior period's errors arising from fraud losses in Felda Iffco Gida Sanayi, Turkey, a subsidiary of Felda Iffco Sdn. Bhd., a joint venture of the Group, which arose from overstatements of inventories and receivables in Felda Iffco Gida Sanayi.

Please refer to Note 58 of the audited consolidated financial statements of FGV for the FYE 31 December 2016 for further details.

- (ii) FYE 31 December 2017, based on the restated amounts is RM197.3 million (before restated: RM208.0 million). The restatement was due to the first time adoption of certain MFRS standards, please refer to Note 62 of the audited consolidated financial statements of FGV for the FYE 31 December 2018 for further details).

Please refer to Section 8 in Part A of this IAC for the Non-Interested Directors' recommendation in relation to the Offer.

4.2 Future plans for FGV Group and its employees

The Non-Interested Directors have noted the following intentions of the Offeror in respect of the future plans and employees of FGV Group as stated in Section 5 of the Offer Document:

(i) Continuation of FGV Group's business

The Offeror intends to continue the existing businesses of FGV Group, which are principally involved in oil palm plantation and its related downstream activities, sugar refining, manufacturing, logistics, and others, after the completion of the Offer and does not have any plans or intention to liquidate any company within FGV Group. Nevertheless, the Offeror may review the businesses and operations of FGV Group and make such arrangements, rationalisation and reorganisation of FGV Group as the Offeror considers suitable for the future of FGV Group's business operations.

(ii) Major changes to FGV Group's business

There is no plan by the Offeror to introduce any major changes in the businesses of FGV Group, liquidate FGV Group, dispose of any major assets or undertake any major redeployment of fixed assets of FGV Group. Nevertheless, the Offeror may from time to time review strategic options with regard to the businesses of FGV Group, which may or may not involve terminating the Land Lease Agreement and taking over the related palm oil mills, and, where appropriate, implement changes to the corporate structure, including any expansion activities, mergers, consolidations or disposal of assets, with a view to ensure that FGV Group remains competitive in the industry or to rationalise the business activities and/or direction of FGV Group and/or improve the utilisation of resources by FGV Group.

(iii) Employees of FGV Group

The Offeror has no plans to dismiss or make redundant the employees of FGV Group as a direct consequence of the Offer. Nevertheless, any changes with regard to staff employment may take place in conjunction with the rationalisation or streamlining of the business activities of FGV Group and/or as part of the steps undertaken to reduce costs or to improve the efficiency of operations and optimise staff productivity of FGV Group. Any such action taken will be dealt with in accordance with the relevant legislation and the terms of employment of the affected employees.

Comments from Non-Interested Directors

Holders should note that, after the Offer, the Offeror intends to, amongst others, continue with the existing businesses of FGV Group, without any plans to liquidate any companies within FGV Group, introduce any major changes to FGV Group's businesses as well as to dismiss or make redundant any of the employees of FGV Group as a direct consequence of the Offer.

However, the Non-Interested Directors wish to highlight to the Holders that the Offeror retains the flexibility to consider options and/or potential opportunities as they consider fit and in the best interest of the enlarged Offeror group which may include strategic investments, rationalisations, streamlining the business activities and/or restructuring of FGV Group.

4.3 Listing status of FGV

The Non-Interested Directors noted that **the Offeror does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities.**

Further, it is noted that if the Offeror receives valid acceptances which result in the Offeror and its associates holding in aggregate 90% or more of FGV Shares (excluding treasury shares), the Offeror will submit a request to FGV to take the necessary procedures to withdraw its listing status from the Official List in accordance with Chapter 16 of the Listing Requirements.

Please refer to Section 7.3 of Part B of this IAC for further details.

4.4 Compulsory acquisition and rights of Dissenting Holders

(i) Compulsory acquisition

The Non-Interested Directors take note that if the Offeror receives valid acceptances from the Holders of not less than 9/10 in the nominal value of the Offer Shares (excluding FGV Shares already held as at the date of the Offer by the Offeror and its persons acting in concert) on or before the Closing Date, **the Offeror intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Dissenting Holders.** In such instance, all the Offer Shares that are compulsorily acquired will, subject to Section 224(1) of the CMSA, be acquired on the same terms as set out in the Offer Document and in accordance with Section 222(1) of the CMSA.

(ii) Rights of Dissenting Holders

The Non-Interested Directors take note, subject to Section 224 of the CMSA, if the Offeror receives valid acceptances from the Holders resulting in the Offeror and the persons acting in concert holding not less than 9/10 in the value of FGV Shares (including FGV Shares already held as at the date of the Offer by the Offeror and the persons acting in concert) on or before the Closing Date, a Dissenting Holder may exercise his/her/its rights, under Section 223(1) of the CMSA, by serving a notice to require the Offeror to acquire his/her/its Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Holder.

Please refer to Sections 4.2 and 4.3 of the Offer Document as well as Sections 7.3.1 and 7.3.2 in Part B of this IAC for further details.

5. INDEPENDENT ADVICE LETTER

The Holders are advised to read and consider the views and recommendation of RHB Investment Bank, the Independent Adviser appointed by the Non-Interested Directors in accordance with Paragraph 3.06 of the Rules to provide comments, opinions, information and recommendation to the Holders on the fairness and reasonableness of the Offer. The IAL is included in Part B of this IAC.

6. DISCLOSURE OF DIRECTORS' INTEREST

As at the LPD, save as disclosed below, none of the Directors have any interest in the Offeree:

	Direct		Indirect	
	No. of FGV Shares	%	No. of FGV Shares	%
Dr. Mohamed Nazeeb P.Alithambi	7,000	*	-	-

Note:

* Negligible.

As at the LPD, Dr. Mohamed Nazeeb P.Alithambi has confirmed his intention to **reject** the Offer in respect of his direct interest in the Offer Shares as he intends to retain his interest in FGV Shares for his personal investment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC and they collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAC. The Board confirms the following after making all reasonable enquires and to the best of their knowledge and belief:

- (i) no statement and/or information relating to FGV Group in this IAC is false or misleading or incomplete;
- (ii) there are no other facts and/or information, the omission of which would render any statement or information provided relating to the FGV Group herein false or misleading or incomplete;
- (iii) all material facts and/or information in relation to the Offer, including those required under the Rules, have been accurately and completely disclosed in this IAC; and
- (iv) opinions expressed by the Board (save for the Interested Directors) in this IAC have been arrived at after due and careful consideration.

Further, the responsibility of the Board in respect of:

- (i) the information relating to the Offeror and its subsidiaries, and its PACs (as extracted from the Offer Document and other publicly available information) is restricted to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by RHB Investment Bank in relation to the Offer as set out in Part B of this IAC is to ensure that accurate information in relation to FGV Group was provided to RHB Investment Bank for its evaluation of the Offer and to ensure that all information in relation to FGV Group that is relevant to RHB Investment Bank's evaluation of the Offer has been accurately and completely disclosed to RHB Investment Bank and that there is no material fact, the omission of which would make any information provided to RHB Investment Bank false or misleading.

8. NON-INTERESTED DIRECTORS' RECOMMENDATION

Save as disclosed below, none of the Directors are interested in the Offer:

- (i) Datuk Wira Azhar Abdul Hamid, being a Government Appointed Director.
- (ii) Dato' Shahrol Anuwar Sarman, being a Government Appointed Director.
- (iii) Dr. Zunika Mohamed, being a Government Appointed Director.
- (iv) Dato' Amiruddin Abdul Satar, being a nominee director of the Offeror and a Director General of the Offeror.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the Board meetings of FGV, and making any recommendation to the Holders in relation to the Offer.

The Non-Interested Directors:

- (i) Dato' Yusli Mohamed Yusoff;
- (ii) Datuk Mohd Anwar Yahya;
- (iii) Datin Hoi Lai Ping;
- (iv) Dr. Mohamed Nazeeb P. Alithambi; and
- (v) Dr. Nesadurai Kalanithi,

after careful examination of the terms and conditions of the Offer and the rationale for the Offer and future plans for FGV Group and its employees as disclosed in the Offer Document and taking into consideration the opinions, views and recommendation by RHB Investment Bank as set out in Part B of this IAC, have **NOT CONCURRED** with the recommendation by RHB Investment Bank to Accept the Offer due to the following reasons:

- (i) the Offer Price is not fair, as it is below the fair value by the Independent Adviser ranging from RM1.42 to RM1.60 per FGV Share, or 8.5% to 18.8% below the fair value per FGV Share;
- (ii) the management of FGV had since 2019 implemented a transformation programme (i.e. Business Plan 2019-2021) focusing on operational improvements and strengthening the governance and accountability in line with FGV's status as a public listed company;
- (iii) keeping FGV as a public listed company will ensure the transparency and timely disclosures of FGV, being one of the largest plantation companies in the world in terms of CPO production with over 3 million MT produced in 2019 (approximately 15.5% of Malaysia's production and 4.1% of world's production), and a company of significant public interest and impact on corporate world of Malaysia; and
- (iv) at IPO price of RM4.55 per FGV Share and now being offered to be acquired at RM1.30 per FGV Share, and taking into consideration of the significant improvement on the quality of plantation assets of FGV since IPO, the Non-Interested Directors are unable to, with clear conscience recommend the Offer as REASONABLE to the minority shareholders of FGV, which also include settlers and employees of FELDA and FGV respectively. The improvements made on the quality of plantation assets include amongst others, improvements to the average age profile from 16.25 years in 2012 to 13.77 years in 2019 through aggressive replanting efforts, incurring approximately RM5.3 billion since 2012 to cover replanting costs, improvements on housing for workers, and fertiliser costs, as well as increased landbank size since IPO from 382,603 hectares to 439,230 hectares in 2019 (excluding landbank held under joint venture and associates).

Accordingly, the Non-Interested Directors **RECOMMEND** that you **REJECT** the Offer.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT (AS WELL AS OTHER PUBLICLY AVAILABLE INFORMATION) AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUPS OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT HOLDERS WHO REQUIRE ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Yours faithfully,
For and on behalf of the Board
FGV Holdings Berhad

DATO' YUSLI MOHAMED YUSOFF
Deputy Chairman, Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM RHB INVESTMENT BANK



Registered Office:

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

22 January 2021

To: The Holders

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE HOLDERS OF THE OFFER SHARES IN RELATION TO THE UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY FELDA TO ACQUIRE THE OFFER SHARES AT THE OFFER PRICE OF RM1.30 PER OFFER SHARE

1. INTRODUCTION

Please refer to **Section 1 of Part A of this IAC** for the chronology of events in relation to the Offer.

We have prepared this IAL to:

- (i) provide you with an independent evaluation of the Offer and set out our opinion as to whether the Offer is fair and reasonable insofar as you are concerned; and
- (ii) provide you with our recommendation in respect of the Offer, subject to the scope of our work and limitations as set out in **Section 4 of this IAL**.

HOLDERS ARE ADVISED TO READ AND UNDERSTAND THIS IAC TOGETHER WITH THE OFFER DOCUMENT, A COPY OF WHICH WAS DESPATCHED TO YOU ON 12 JANUARY 2021. HOLDERS ARE ADVISED TO CONSIDER THE EVALUATION AND RECOMMENDATION SET OUT IN THIS IAL CAREFULLY BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

RHB Investment Bank Berhad Reg.197401002639 (19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Corporate Finance

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2. TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer include the following:

- Consideration for the Offer** : The Offeror will pay to the Accepting Holders a cash consideration of **RM1.30 per Offer Share**.
- If the Offeree declares, makes or pays any Distribution on or after the date of the Notice but before the Closing Date in respect of any of FGV Shares and the Holders are entitled to retain such Distribution, the Offer Price shall be reduced by the amount equivalent to the net Distribution per FGV Share which the Holders are entitled to retain in respect of FGV Shares.
- As at the LPD, FGV has not declared any Distribution in respect of FGV Shares which is payable on or after the date of the Notice.
- The cash consideration payable to a Holder pursuant to the acceptance of the Offer will be rounded down to the nearest whole sen, where applicable. The Offeror will not pay fractions of a sen, if any, to the Accepting Holders. The Holders may accept the Offer in respect of either all or a part of their Offer Shares.
- Condition of the Offer** : The Offer is **not conditional** upon the receipt of any minimum level of valid acceptances of the Offer Shares since the Offeror and the PACs currently hold in aggregate more than 50% of the voting shares in FGV.
- Duration of the Offer** : The Offer will remain open for acceptances until **5.00 p.m. (Malaysian time) on 2 February 2021, being the First Closing Date, or such later date or dates as the Offeror may decide** and as may be announced by Maybank Investment Bank, on behalf of the Offeror, at least two days before the Closing Date, unless the Offeror withdraws the Offer with the SC's written approval and in such event, every person shall be released from any obligation incurred under the Offer. Such announcement will state the next closing date of the Offer.
- Notice of such extension or revision will be posted to the Holders accordingly.
- Method of settlement** : The settlement of the consideration for the Offer Shares will be effected through remittance into the Accepting Holders' Bank Account Details, or, if the Accepting Holders have not registered such details with Bursa Depository before the date of complete and valid acceptances by the Accepting Holders in accordance with the terms and conditions set out in the Offer Document, in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at their own risk, **within 10 days from the date of such complete and valid acceptances in all respects in accordance with the terms and conditions set out in the Offer Document**.

Accepting Holders are strongly encouraged to register and/or update their Bank Account Details in order to receive the consideration for the Offer Shares in their bank accounts. If the Accepting Holders have any enquiries, the Accepting Holders may contact the registrar for the Offer for assistance.

Non-Resident Holders are advised that the settlement for the acceptances of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by the respective financial institutions.

Please refer to **Section 2 of the Offer Document** and **Appendix I of the Offer Document** for the full terms and conditions of the Offer as well as **Appendix II of the Offer Document** for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, the Offeror had received 104,391,200 valid acceptances of Offer Shares.

4. SCOPE AND LIMITATIONS OF THE EVALUATION OF THE OFFER

We were not involved in the formulation, deliberation and negotiation of the terms and conditions of the Offer. Our scope as Independent Adviser to FGV is limited to expressing an independent opinion on the assessment of the fairness and reasonableness of the Offer based on the information and documents provided to us or which are available to us, including the following:

- (i) information contained in the Notice, the Offer Document and the appendices attached thereto;
- (ii) audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019 as well as the latest unaudited consolidated financial statements of FGV for the 9-month FPE 30 September 2020;
- (iii) discussions with and representations by the Board and management of FGV;
- (iv) other relevant information, documents, confirmations and representation furnished to us by the Board and management of FGV; and
- (v) other publicly available information.

We have made all reasonable enquires to the Board and management of FGV, and have relied on the Board and management of FGV to take due care to ensure that all information, documents and representations in respect of FGV Group provided to us or which are made available to us to facilitate our evaluation of the Offer are accurate, valid and complete in all material aspects.

We have also obtained confirmation from the Board that all relevant material facts and information required for the purpose of our evaluation of the Offer have been disclosed to us and the Board has accepted full responsibility for the accuracy of the information provided to us. Nonetheless, we have made enquiries as were reasonable in the circumstances, and we are satisfied that the information provided to us or which are made available to us is sufficient and we have no reason to believe that the information provided to us or made available to us is incomplete, misleading and inaccurate.

In rendering our advice, we have taken into consideration the pertinent matters which we believe are of general importance to an assessment of the fairness and reasonableness of the Offer and therefore of concern to the Holders as a whole.

We are not in possession of information relating to, and have not taken into consideration separate specific investment objective, risk profile, financial and tax situations or any particular needs of any individual Holder or any specific group of Holders. We therefore recommend that Holders who require specific advice in relation to the Offer in the context of their individual investment objectives, risk profile, financial and tax situations or any particular needs, to consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. We shall not be liable for any damage or loss of any kind sustained or suffered by any individual Holder or any specific group of Holders relying on this evaluation as set out in this IAL for any purpose whatsoever.

Our views expressed in this IAL are, amongst others, based on prevailing equity capital market, economic, industry, regulatory, monetary, social-political and other conditions (where applicable), and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time. It should be noted that our evaluation and opinion expressed in this IAL do not take into account the information, events or conditions arising after the LPD.

We shall immediately disclose to the SC in writing and notify the Holders by way of a press release and announcement, if, after despatching of this IAC, as guided by Paragraph 11.07(1) of the Rules, we become aware that the information and/ or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAC to the Holders as guided by Paragraph 11.07(2) of the Rules.

5. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 1 to 6 under Schedule 2: Part III of the Rules whereby:

- (i) the term **“fair and reasonable”** should generally be analysed as two distinct criteria, i.e. whether the Offer is **“fair”** and whether the Offer is **“reasonable”**, rather than as a composite term;
- (ii) the Offer is considered as **“fair”** if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price, but is lower than the value of the Offer Shares, the Offer is considered as **“not fair”**. In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;

- (iii) in considering whether the Offer is “**reasonable**”, we have taken into consideration matters other than the valuation of the Offer Shares; and
- (iv) generally, the Offer would be considered “**reasonable**” if it is “**fair**”.

Nevertheless, we may also recommend for the Holders to accept the Offer despite it being “**not fair**”, if we are of the view that there are sufficiently strong reasons to accept the Offer in the absence of a higher bid and such reasons should be clearly explained.

If we conclude that the Offer is “**not fair but reasonable**”, we must clearly explain the following:

- (i) what is meant by “**not fair but reasonable**”;
- (ii) how have we reached to this conclusion; and
- (iii) the course of action that the Holders are recommended to take pursuant to the conclusion.

Please refer to the following sections for further details pertaining to the fairness and reasonableness evaluation of the Offer:

No.	Fairness of the Offer	Details in this IAL
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(i)	Valuation of FGV Shares	Section 6.1
(ii)	Historical share price analysis of FGV Shares	Section 6.2

No.	Reasonableness of the Offer	Details in this IAL
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(i)	No alternative proposal	Section 7.1
(ii)	Level of control of the Offeror and PACs	Section 7.2
(iii)	Listing status of FGV	Section 7.3

6. FAIRNESS OF THE OFFER

6.1 Valuation of FGV Shares

FGV Group is principally involved in the following operating business segments:

Business segments	Principal activities
Plantation	Plantation estates activities including cultivation, harvesting and production of FFB and processing of FFB into CPO and palm kernel (“ PK ”), refining of CPO, fractionation of refined bleached deodorised palm oil and palm olein, crushing of PK, production of oleochemicals namely fatty acid and glycerine, processing and sale of biodiesel products, production of consumer bulk and packed products, trading of CPO, research and development activities, fertilisers processing, rubber processing, production and sale of planting materials and integrated farming
Sugar	Sugar refining, sales and marketing of refined sugar and molasses
Logistics and Others	Bulking and transportation facilities and services, engineering services, information technology and travel

The contribution of the operating business segments to FGV Group's revenue is as follows:

Business segments	Audited FYE 31 December 2019				Unaudited 9-month FPE 30 September 2020			
	Revenue		PBT		Revenue		PBT	
	RM'mil	%	RM'mil	%	RM'mil	%	RM'mil	%
Plantation	10,862	81.9	(8,847)	2.6	8,272	82.2	133,497	486.5
Sugar	2,007	15.1	(316,129)	93.3	1,555	15.4	(110,746)	(403.6)
Logistics and Others	354	2.7	30,211	(8.9)	214	2.1	37,409	136.3
Corporate HQ and Elimination ⁽¹⁾	36	0.3	(44,063)	13.0	26	0.3	(32,722)	(119.3)
Total	13,259	100.0	(338,828)	100.0	10,067	100.0	27,438	100.0

Note:

- (1) Corporate HQ and Elimination mainly relates to investment holding companies within FGV Group and consolidation adjustments, which are not part of the operating segments.

In view of the different business segments of FGV Group, we have adopted the SOPV methodology to arrive at the value of FGV Shares as it is the most appropriate valuation method. The SOPV represents the aggregate valuation of these different operating business segments which shall be valued based on their respective appropriate valuation methods as follows:

Business segments	Methodology	Details and rationale
Plantation	DCF method	The DCF method is based on the theory that the value of an asset or business depends on its future cash flows which are discounted to present value. We are of the view that this is the most appropriate method to estimate the fair value of the Plantation segment as the Plantation segment has consistently generated positive cash flows from its operating activities. Further, the DCF method is adopted as the majority of the plantation estates of FGV Group are not owned by FGV Group and they are instead leased from FELDA through the Land Lease Agreement. This method is also able to effectively factor in both the time value of money and the future cash flows to be generated by the Plantation segment over a specified period of time. As the methodology entails the discounting of future cash flows to be generated from the Plantation segment at a specified discount rate to arrive at the present value, the riskiness of generating such cash flows is also taken into consideration.

Business segments	Methodology	Details and rationale
Sugar	Market value	Under the DCF method, the future cash flows projected to be generated from the Plantation segment is discounted at the cost of equity to derive the present value of all future cash flows which are attributable to its equity holders.
		Market value represents the price at which an asset would change hands between a willing-buyer and a willing-seller in the marketplace, where in theory, both parties have reasonable knowledge of the relevant facts to such asset. The Sugar segment is mainly contributed by MSM Malaysia, which is a public listed company on Bursa Securities. Given that the ordinary shares of MSM Malaysia ("MSM Shares") are traded on the Main Market of Bursa Securities between a willing-buyer and willing-seller on a daily basis, the traded price of MSM Shares represents its market value. Further, based on our review of the historical financial performance of MSM Malaysia, we noted that MSM Malaysia recorded losses before tax of: (i) RM299.6 million for the FYE 31 December 2019; and (ii) RM112.4 million for the 9-month FPE 30 September 2020. In this regard, an earnings-based valuation method is not appropriate. Taking into consideration the above, we believe that the market value of FGV Group's shareholdings in MSM Malaysia is reflective of the value of the Sugar segment.
Logistics and Others	EV/EBITDA multiple valuation	The EV/EBITDA multiple valuation provides an indication of value by using market multiples derived from a set of comparable assets to ascribe a value to an asset as it reflects the prevailing market values that are transacted between a willing-buyer and willing-seller. As the Logistics and Others segment is mainly contributed by the logistics business of FGV Group, we have valued the Logistics and Others segment based on the logistics business of FGV Group. We believe the EV/EBITDA relative valuation methodology is an appropriate method to value the Logistics and Others segment given that it is (i) earnings based and (ii) capital structure neutral. Further, the EV/EBITDA relative valuation is not affected by the different leverage level and borrowing cost as well as different depreciation and amortisation policies which are appropriate for capital-intensive businesses such as the logistics business of FGV Group.

6.1.1 Plantation segment – DCF method

In arriving at the fair value of the Plantation segment, we have relied on the future financial information of companies which materially contribute to the FCFE (i.e. at least, positive or negative, 10% to the net operating cash flows) of the Plantation segment which was prepared by the management of FGV Group (**“Future Financials”**) on a best-effort basis.

We have considered and evaluated the key bases and assumptions adopted in the Future Financials and are satisfied that the key bases and assumptions used in the preparation of the Future Financials are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. The Future Financials, together with the bases and assumptions adopted therein, have been reviewed and approved by the Board. The key bases and assumptions adopted in the preparation of the Future Financials are as follows:

- (i) the future financial information of the material companies within the Plantation segment which are mainly involved in the operations of the plantation estates (**“Estate Entities”**) are projected based on the economic life cycle of the plantation estates of 25 years from FYE 31 December 2021 to FYE 31 December 2045, where at the end of the economic life of the cultivation, the plantation estates are reverted to its basic land value (being the net book value of the leasehold land at the end of the 25 years which has been depreciated over the lease term on a straight-line basis) (where applicable);
- (ii) the future financial information of the remaining material companies within the Plantation segment which are not involved in the operations of the plantation estates (**“Non-Estate Entities”**) are projected for 10 years from FYE 31 December 2021 to FYE 31 December 2030, and these companies will continue to operate on a going concern basis and are expected to sustain their operations in perpetuity;
- (iii) there will not be any significant or material increase in costs which are expected to have a material adverse effect on the financial results, cash flows or business prospects of the Plantation segment;
- (iv) there will not be any major disruptions to the business operations which have a material adverse impact on the financial results, cash flows, or business prospects of the Plantation segment;
- (v) sufficient funds will be available or obtainable to finance the working capital requirements and capital expenditure of the Plantation segment without any material adverse effect on its financial results, cash flows or business prospects;
- (vi) there will not be any significant or material changes to the agreements, contracts, licenses and regulations governing the Plantation segment's operations;
- (vii) the current accounting policies adopted will remain relevant and there will not be any significant changes in the accounting policies which have a material adverse impact on the financial performance and financial position of the Plantation segment; and
- (viii) there will not be any significant or material changes in political, social /and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the Plantation industry, and this includes any changes arising from the COVID-19 pandemic and in particular the MCO. This assumption was made on the basis that the operations of the Plantation segment have fully resumed operations as at the LPD.

In order to derive the fair value of the Plantation segment, we have discounted the projected FCFE to be generated from the Plantation segment's business at an appropriate cost of equity which represents the required rate of return by the equity holders of FGV Group. Our valuation, together with the key bases and assumptions adopted, are as follows:

No.	Parameters	Bases and Assumptions	Description
1.	FCFE	(i) Future Financials of the Estate Entities from FYE 31 December 2021 to FYE 31 December 2045; and (ii) Future Financials of the Non-Estate Entities from FYE 31 December 2021 to FYE 31 December 2030	FCFE is the free cash flows from operations available to the equity holders of a company after taking into consideration all net operating cash flows, net investing cash flows and net financing cash flows. The FCFE is discounted at an appropriate cost of equity which represents the required rate of return by the equity holders of FGV Group. We have reviewed the key bases and assumptions adopted in the Future Financials in deriving the FCFE and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. As such, we have relied upon the Future Financials prepared by the management of FGV Group.
2.	Cost of equity ("K _e ")	7.3% to 9.3%	The cost of equity represents the expected or required rate of return on equity by the equity holders. The cost of equity is derived using the capital asset pricing model as shown below: $K_e = R_f + [\beta \times \text{EMRP}] \text{ (as defined below)}$ We have adopted a sensitivity of +/- 1.0% to the K_e computed to arrive at a range due to the various assumptions used to arrive at K_e.
3.	Risk-free rate of return ("R _f ")	2.7%	The risk-free rate of return represents the expected rate of return from a risk-free investment. We have relied on the yield of the 10-year Malaysian Government Securities as extracted from Bank Negara Malaysia as at the Notice LTD as this represents the closest available approximation of a risk-free investment in Malaysia.

No.	Parameters	Bases and Assumptions	Description
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4.	Beta ("β")	0.8	Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A Beta of more than one signifies that the asset is riskier compared to the market and a beta of lower than one signifies that the asset is less risky as compared to the market.
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In arriving at the Plantation segment's Beta, we have adopted the average re-levered beta derived based on the 3-year weekly Beta of comparable companies and un-levered them according to their respective 3-year weekly debt-to-equity ratios as extracted from Bloomberg, and subsequently re-levering the un-levered Beta above based on the Plantation segment's debt-to-equity ratio as at 30 September 2020.

After taking into consideration the debt-to-equity ratio of the Plantation segment and the market capitalisation of FGV as at the Notice LTD, we have selected companies listed on Bursa Securities which are principally involved in the operations of oil palm plantations, and/or production, processing and sale of FFB related activities (i.e. more than 75% of their revenue is derived from such activities), have a market capitalisation of RM1.0 billion to RM8.0 billion, and a 3-year weekly debt-to-equity ratio of more than 50%, as comparable companies to FGV. The comparable companies are as set out below:

No.	Comparable companies
1.	Sarawak Oil Palms Berhad
2.	IJM Plantations Berhad
3.	TSH Resources Berhad

There are no companies which are exactly similar or directly comparable to the Plantation segment in terms of, amongst others, the composition of business activities, geographical location of operations, historical performance, risk profile, customer profile and future prospects. However, we view that the identified companies are reasonable to be adopted for the purpose of deriving the estimated Beta of the Plantation segment.

The Plantation segment's Beta of 0.8 is derived from re-levering the average un-levered Beta of the comparable companies set out above of 0.76.

No.	Parameters	Bases and Assumptions	Description
5.	Statutory corporate income tax rate	24.0%	The latest Malaysian statutory corporate income tax rate applicable to the Plantation segment is 24.0%.
6.	Equity market risk premium ("EMRP")	7.0%	The equity market risk premium refers to an excess return that investing in an equity asset provides over a risk-free rate. This excess return compensates investors for taking on the relatively higher risk of equity investing. We have relied on the equity market risk premium for Malaysia as published in July 2020 by Professor Aswath Damodaran, who is an established academic in the subject. Professor Aswath Damodaran is a Professor of Finance at the Stern School of Business at New York University who has published various researches on equity risk premium since 2008. Further, his other papers have been published in the Journal of Financial and Quantitative Analysis, the Journal of Finance, the Journal of Financial Economics and the Review of Financial Studies.
7.	Terminal growth rate ("g")	2.0%	Terminal value represents the present value of all FCFE of the Non-Estate Entities beyond FYE 31 December 2030, which assumes that the FCFE of the Non-Estate Entities grow at a constant rate to perpetuity. The terminal value is ascribed to the Non-Estate Entities as they are assumed to operate on a going concern basis and is expected to sustain its operations in perpetuity. In ascribing the terminal value to the Non-Estate Entities, we have adopted a terminal growth rate of 2.0% for the Non-Estate Entities' FCFE, which we view as reasonable after taking into consideration the 10-year historical average inflation in Malaysia of 2.0% based on the Economic Outlook 2021, Ministry of Finance Malaysia. The terminal value for the Non-Estate Entities is computed based on the following formula: $\frac{(FCFE \text{ for FYE 31 December 2030 of the Non - Estate Entities}) \times (1 + g)}{(K_e - g)}$
8.	Range of values of the Plantation segment	RM5.90 billion to RM6.03 billion	The fair value of the Plantation segment is derived based on the following formula: $\frac{FCFE + (Terminal \text{ value for Non - Estate Entities})}{(1 + K_e)^n}$ whereby, n represents number of years in the future.

6.1.2 Sugar segment – Market value

The Sugar segment of FGV Group is mainly contributed by its subsidiary, MSM Malaysia, a public listed company on the Main Market of Bursa Securities. MSM Malaysia produces, markets and sells refined sugar products under its Gula Prai brand. In addition to the contributions from MSM Malaysia and its subsidiaries, the Sugar segment includes FGV Sugar Sdn. Bhd., a wholly-owned subsidiary of FGV, which is the investment holding company of MSM Malaysia. The contributions from FGV Sugar Sdn. Bhd. to the Sugar segment is insignificant and will not materially affect the value of the Sugar segment and hence, we have not taken into consideration its contribution in our valuation of the Sugar segment.

In valuing the Sugar segment, we have relied on the market price of FGV Group's equity interest in MSM Malaysia as at the Notice LTD as the fair value of the Sugar segment. In addition, based on the 6-month daily average Beta of MSM Malaysia of 0.8 as extracted from Bloomberg, we note that MSM Malaysia is relatively less risky as compared to the FTSE Bursa Malaysia KLCI Index. Further, the VWAP of MSM Shares over the various periods for the last 6-month ranges from RM0.544 to RM0.570. This shows that there is low volatility in the market price of MSM Shares for the past 6-month. In this regard, we have relied on the market price of MSM Shares as at the Notice LTD.

The shareholdings of FGV Group in MSM Malaysia as at the Notice LTD are as follows:

Company name	No. of MSM Malaysia Shares	% of issued shares
FGV Sugar Sdn. Bhd. ⁽¹⁾	281,369,800	40.0
FGV	77,150,248	11.0
Total	358,520,048	51.0

Note:

(1) A wholly-owned subsidiary of FGV

As at the Notice LTD, the market capitalisation of MSM Malaysia is computed as follows:

Market price of MSM Shares (RM)	[A]	0.555
Number of shares in issue as at the Notice LTD (units)	[B]	702,980,000
Market capitalisation of MSM Malaysia (RM'mil)	[A] x [B]	390.1

After taking into consideration the shareholdings of FGV Group in MSM Malaysia as at the Notice LTD, the fair value ascribed in our valuation of the Sugar segment is approximately RM198.9 million.

For your information purposes, if MSM Malaysia is to be valued based on the NA and net tangible assets of MSM Malaysia:

- (i) as at 30 September 2020 (unaudited), the value to be ascribed to the Sugar segment is approximately RM777.2 million (RM2.168 per MSM Share) and RM457.7 million (RM1.277 per MSM Share), respectively; or
- (ii) as at 31 December 2019 (audited), the value to be ascribed to the Sugar segment is approximately RM845.3 million (RM2.358 per MSM Share) and RM523.7 million (RM1.461 per MSM Share), respectively,

all of which are higher than our ascribed valuation of the Sugar segment based on the market value of MSM Malaysia.

6.1.3 Logistics and Others segment – EV/EBITDA multiple valuation

The Logistics and Others segment of FGV Group is mainly contributed by the logistics business which include the following activities:

(i) Bulking/Storage

Provides bulk storage and handles vegetable oil-based products, grains and basic chemicals such as caustic soda, nitric acid, and hydrochloric acid. Under this segment, it also provides forwarding services and trans-shipment activities with a capacity of 939,700 MT, comprising 844,400 MT located in Malaysia, 22,500 MT located in Indonesia and 72,800 MT located in Pakistan.

(ii) Transport

Provides inland transport, multimodal transport, courier services and warehousing with a fleet of nearly 500 trucks (tanker, cargo, courier) and 14 nationwide hubs, inclusive of five main depots and nine sub-depots. This division also includes jetty business operations in Malaysia which is capable of facilitating vessels up to 50,000 deadweight tonnage (“DWT”) and in Pakistan up to 35,000 DWT.

The other businesses within this segment include engineering services, information technology and travel. Their contributions to this segment are fragmented and insignificant, and will not materially affect the value of the Logistics and Others segment and hence, we have not taken into consideration their contributions in our valuation of the Logistics and Others segment.

We have adopted the EV/EBITDA multiple valuation methodology to derive the implied value for the Logistics and Others segment. EV represents the aggregate value of the equity value, minority interest and debts net of any cash and cash equivalents. In arriving at the implied EV of the Logistics and Others segment, we have relied on the range of EV/EBITDA multiples of comparable companies (based on companies listed on Bursa Securities which are mainly involved in logistics and storage related activities and have a market capitalisation of less than RM1.0 billion as at the Notice LTD) as shown below:

No	Comparable Companies	Business Activities	Revenue contribution from logistics related activities ⁽¹⁾	Market Capitalisation	Enterprise Value	Last 12 months EBITDA ⁽⁴⁾	Last 12 months EV/EBITDA
			%	RM'mil	RM'mil	RM'mil	Times
1.	TASCO Berhad	Provides logistics services such as warehousing, and haulage services to airports and automobile manufacturers as well as land transportation services	100.0	550.0	762.5 ⁽²⁾	83.6	9.1
2.	Tiong Logistics Holdings Berhad	Provides warehousing and transportation services and leases properties	90.6	431.8	1,507.7 ⁽³⁾	108.6	13.9
							Low High Median
							9.1 13.9 11.5

(Source: Bloomberg and S&P Capital IQ)

Notes:

- (1) Based on the latest audited financial statements of the respective companies.
- (2) Computed based on the market capitalisation of RM550.0 million as at the Notice LTD add total debt of RM274.9 million and minority interest of RM66.0 million, less cash and cash equivalents of RM128.4 million, as at 30 September 2020.
- (3) Computed based on the market capitalisation of RM431.8 million as at the Notice LTD add total debt of RM1,092.7 million and minority interest of RM9.0 million, less cash and cash equivalents of RM25.8 million, as at 30 September 2020.
- (4) As extracted from S&P Capital IQ that has adjusted for, where relevant, interest and investment income, gain/loss from sale of investments and assets, and currency translation gains/loss.

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We have computed the implied equity value for each logistics company based on the formula below:

$$\begin{aligned}
 \text{Implied equity value} &= \left(\begin{array}{c} \text{Last 12 months} \\ \text{EBITDA for} \\ \text{each logistics} \\ \text{company up to} \\ \text{FPE 30} \\ \text{September 2020} \end{array} \right) \times \begin{array}{c} \text{Range of} \\ \text{EV/EBITDA} \\ \text{multiple} \end{array} - \begin{array}{c} \text{Net debt as} \\ \text{at 30} \\ \text{September} \\ \text{2020} \end{array} \times \begin{array}{c} \text{FGV's} \\ \text{effective} \\ \text{equity} \\ \text{interest} \end{array} \\
 &= \left(\begin{array}{c} \text{RM5,697 to} \\ \text{RM48.9 million} \end{array} \right) \times \begin{array}{c} 9.1\text{x to} \\ 13.1\text{x} \end{array} - \begin{array}{c} (\text{RM1.9} \\ \text{million}) \text{ to} \\ (\text{RM72.6} \\ \text{million})^{(1)} \end{array} \times \begin{array}{c} 51.0\% \text{ to} \\ 86.3\% \end{array} \\
 &= \text{RM1.14 billion to RM1.66 billion}
 \end{aligned}$$

Note:

- (1) Represents the cash and bank balances as at 30 September 2020 of each logistics company as the logistics companies have no debt as at 30 September 2020.

In arriving at the value of the Logistics and Others segment, we have aggregated the implied equity value of the logistics companies attributable to FGV. The aggregated implied equity value of the logistics companies ranges from RM1.14 billion to RM1.66 billion.

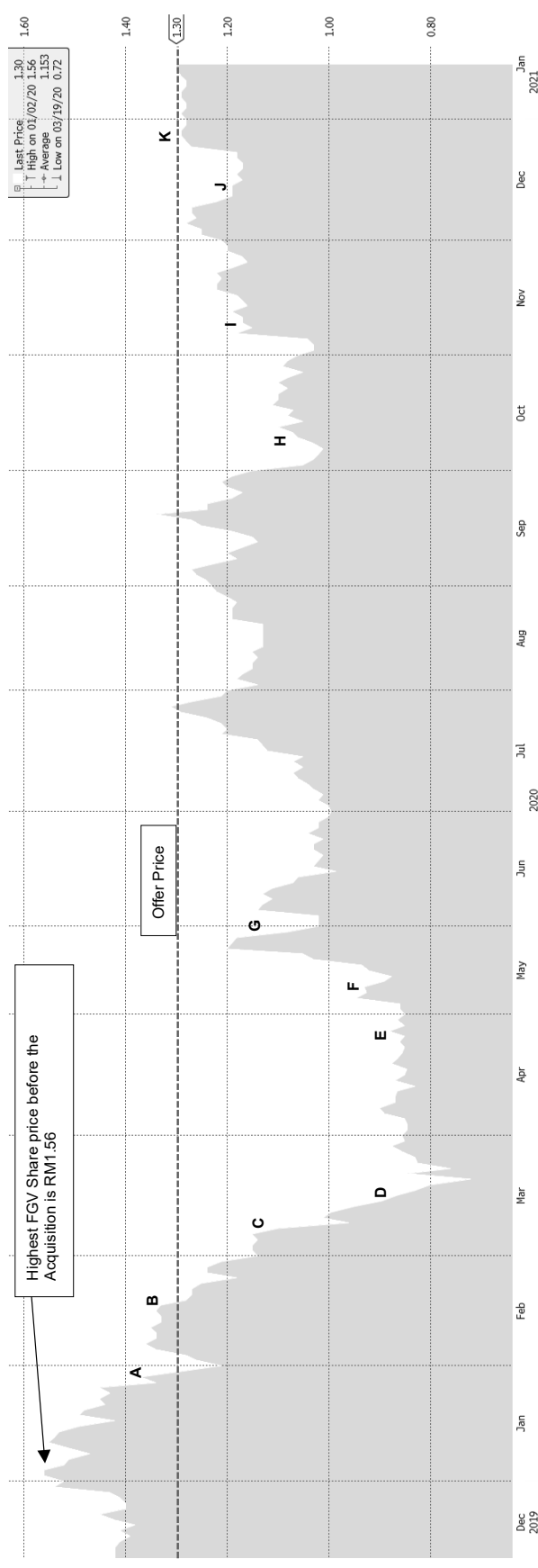
6.1.4 SOPV of FGV Shares

Segments	Valuation method	Low	High
		RM'mil	RM'mil
Plantation	DCF	5,903	6,034
Sugar	Market value	199	199
Logistics and Others	EV/EBITDA multiple	1,139	1,665
		7,241	7,898
Less:			
Adjusted net debt as at 30 September 2020		2,044	2,044
Estimated equity value of FGV Group		5,197	5,854
Number of issued shares as at Notice LTD ('mil)		3,648	3,648
Value per FGV Share (RM)		1.42	1.60

Based on our computation above, the SOPV for FGV Shares ranges from **RM1.42 per FGV Share** to **RM1.60 per FGV Share**.

6.2 Historical share price analysis of FGV Shares

The graph below sets out the historical closing share price of FGV Shares during the period beginning 12 months before the Press Notice LTD and up to the LPD:



(Source: Bloomberg)

Save for the following announcements, there is no significant event being announced since the period beginning 12 months before the Press Notice LTD and up to the LPD which may have materially impacted the historical share price performance of FGV Shares during the said period:

No.	Date	Note	Key events
(1)	24 January 2020	(A)	Announcement by FGV in relation to the termination of the memorandum of understanding between FGV and Samyang Foods Co. Ltd.
(2)	13 February 2020	(B)	Announcement by FGV in relation to an indirect joint venture of FGV being placed under members' voluntary winding up pursuant to Section 439(1)(b) of the Act. The joint venture company has ceased business operations and is currently dormant and has no intention to carry on business or operations in the future.
(3)	25 February 2020	(C)	Announcement by MSM Malaysia on its fourth quarter consolidated results for the FPE 31 December 2019, where there was a loss after tax for the FPE 31 December 2019 of approximately RM299.8 million.
(4)	16 March 2020	(D)	Announcement by Government of Malaysia on the implementation of MCO as result of the outbreak of COVID-19 pandemic.
(5)	28 April 2020	(E)	Announcement by FGV in relation to the annual report for FYE 31 December 2019, where there was a loss after tax for the FYE 31 December 2019 of approximately RM371.2 million.
(6)	8 May 2020	(F)	Announcement by FGV in relation to FGV Trading Sdn Bhd, a wholly-owned indirect subsidiary of FGV entering into a joint venture agreement with Pre-Unique Pvt Ltd to establish a joint venture in India.
(7)	28 May 2020	(G)	Announcement by FGV on its first quarter consolidated results for the FPE 31 March 2020, where there was a loss after tax for the FPE 31 March 2020 of approximately RM173.9 million.
(8)	1 October 2020	(H)	Announcement by FGV in relation to FGV's confirmation that the U.S. Customs and Border Protection has placed withhold release order on palm oil and palm oil products made by FGV Group and joint ventures.
(9)	2 November 2020	(I)	Announcement by FGV in relation to, amongst others, FGV's reiteration that FGV has yet to receive a written notice from FELDA regarding the termination of the Land Lease Agreement and its intention to take over FGV's palm oil mills nationwide.
(10)	8 December 2020	(J)	Announcement by FGV in relation to the receipt of press release on the Acquisition.
(11)	22 December 2020	(K)	Announcement by FGV in relation to the receipt of the Notice.

Furthermore, we also note that there was no fundamental change to the business of FGV Group during the said period as well.

We further note that:

- (i) the highest closing share price of FGV Shares in the past 12 months before (a) the announcement of the signing of the CSPAs, and (b) the announcement of the receipt of the Notice was RM1.56; and
- (ii) the highest closing share price of FGV Shares post the receipt of the Notice up to and including the LPD was RM1.30.

The Offer Price also represents the following premiums/(discounts) to the historical share prices of FGV Shares:

	FGV Share price RM	Premium RM	%
<u>Up to and including the Press Notice LTD:</u>			
Last traded price of FGV Shares as at the Press Notice LTD	1.27	0.03	2.36
Up to and including the Press Notice LTD:			
- 5-day VWAMP of FGV Shares	1.26	0.04	3.17
- 1-month VWAMP of FGV Shares	1.21	0.09	7.44
- 3-month VWAMP of FGV Shares	1.18	0.12	10.17
- 6-month VWAMP of FGV Shares	1.17	0.13	11.11
- 1-year VWAMP of FGV Shares	1.14	0.16	14.04
<u>Up to and including the Notice LTD:</u>			
Last traded price of FGV Shares as at the Notice LTD	1.18	0.12	10.17
Up to and including the Notice LTD:			
- 5-day VWAMP of FGV Shares	1.18	0.12	10.17
- 1-month VWAMP of FGV Shares	1.22	0.08	6.56
- 3-month VWAMP of FGV Shares	1.17	0.13	11.11
- 6-month VWAMP of FGV Shares	1.18	0.12	10.17
- 1-year VWAMP of FGV Shares	1.13	0.17	15.04
<u>Up to and including the LPD:</u>			
Last traded price of FGV Shares as at the LPD	1.30	-	-
Up to and including the LPD:			
- 5-day VWAMP of FGV Shares	1.29	0.01	0.78
- 1-month VWAMP of FGV Shares	1.27	0.03	2.36

(Source: Bloomberg)

Holders are advised to closely monitor the market share price of FGV Shares vis-à-vis the Offer Price and evaluate the Offer Price before deciding whether to accept or reject the Offer before the Closing Date. If the Holders so wish and if the trading liquidity permits, they may consider disposing of their FGV Shares in the open market if the market share prices of FGV Shares are higher than the Offer Price, after taking into consideration the associated transaction costs and assuming that there will not be any revision to the Offer Price.

Our view on the fairness of the Offer

The Offer Price represents a premium ranging from:

- (i) RM0.03 (2.36%) to RM0.16 (14.04%) over the last traded price of FGV Shares as at the Press Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Press Notice LTD; and
- (ii) RM0.08 (6.56%) to RM0.17 (15.04%) over the last traded price of FGV Shares as at the Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD.

The Offer Price also represents a range of **premium** of up to RM0.03 (2.36%) over the last traded price of FGV Shares as at the LPD, and the 5-day and 1-month VWAMPs up to and including the LPD.

Notwithstanding the above, the Offer Price is **lower** and represents a **discount** of between RM0.12 (8.5%) and RM0.30 (18.8%) over the range of estimated value per FGV Share derived using the SOPV method of between RM1.42 and RM1.60.

However, this may not be an indication of future market price performance of FGV Shares which may be influenced by, amongst others, the performance and prospects of FGV Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical market prices of FGV Shares may not be a reliable indicator of the future price levels and should not be relied upon as an indication of the future price levels. There is also no assurance that the market price of FGV Shares will remain at the current level after the close of the Offer.

Premised on our assessment of the Offer Price as set out in Section 6 above, we are of the view that the Offer is **NOT FAIR**.

7. REASONABLENESS OF THE OFFER

7.1 No alternative proposal

As at the LPD, the Board has not received any alternative proposal for the Offer Shares (including any offer to acquire the assets and liabilities of FGV Group).

In view of the collective shareholding of the Offeror and the PACs in FGV of 54.09% as at the LPD, any alternative proposal will not be successful unless with their support. In that respect, the Non-Interested Directors do not intend to seek an alternative person to make a take-over offer.

7.2 Level of control of the Offeror and PACs

In view of the majority stake of the Offeror and the PACs in FGV of 54.09% as at the LPD, unless the Offeror and the PACs are required to abstain from voting on resolutions sought at shareholders' general meetings of FGV, the Offeror and the PACs have control over matters and are able to determine the outcome of resolutions sought at such general meetings on any ordinary resolutions (as such resolutions only require approval from more than 50% of the total votes cast) as well as any special resolutions (as such resolutions require approval from at least 75% of the total votes cast).

Save for the Offeror and the PACs, and Kerajaan Negeri Pahang, there is no other substantial shareholder in FGV.

7.3 Listing status of FGV

Based on Section 4.1 of the Offer Document, we noted that **the Offeror does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities.**

In this regard, we would like to highlight to the Holders the following relevant provisions of the Listing Requirements of a public listed company on Bursa Securities:

- | | | | |
|------|--|---|---|
| (i) | Public Spread Requirement | : | Paragraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares. |
| (ii) | Failure to comply with Public Spread Requirement | : | A listed issuer which fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. However, if Bursa Securities does not grant an extension of time to the listed issuer to rectify the Public Spread Requirement, Bursa Securities may take action or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and may, at its discretion, suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02(1) of the Listing Requirements. |

However, the non-compliance of the Public Spread Requirement would not automatically result in the delisting of the listed issuer from the Official List.

- (iii) Suspension of trading : Subject to Paragraph 16.02(3) of the Listing Requirements, where the public shareholding spread of a listed issuer is 10% or less of its total listed shares (excluding treasury shares), Bursa Securities shall suspend trading of the securities of the listed issuer upon expiry of 30 Market Days from the date of immediate announcement by the listed issuer pursuant to Paragraph 8.02(3) of the Listing Requirements, where the Public Spread Requirement is not met.

In this regard, the suspension will only be uplifted upon the listed issuer's full compliance with the Public Spread Requirement or as may be determined by Bursa Securities.

- (iv) Withdrawal of listing : In accordance with Paragraph 16.02(2) of the Listing Requirements, but subject to Paragraph 16.02(3) of the Listing Requirements, Bursa Securities shall suspend the trading of the securities of the listed issuer upon expiry of five Market Days from the close of the take-over offer if the listed issuer has made an announcement that the offeror does not intend to maintain the listed issuer's listing status pursuant to Paragraph 9.19(48) of the Listing Requirements.

Paragraph 9.19(48) of the Listing Requirements requires that in relation to a take-over offer, an immediate announcement must be made by the listed issuer upon 90% or more of the listed shares (excluding treasury shares) of the listed issuer being held by a shareholder either individually or jointly with associates of the said shareholder. Thereafter, the listed issuer may withdraw its listing from the Official List in accordance with Paragraph 16.07 of the Listing Requirements.

- (v) Request for withdrawal : In accordance with Paragraph 16.06 of the Listing Requirements and subject to Paragraph 16.07 of the Listing Requirements, a listed issuer may request to withdraw its listing from the Official List if:

- (i) the listed issuer convenes a general meeting to obtain its shareholders' approval and a separate meeting for the approval of the holders of any other class of listed securities, if applicable;
- (ii) the passing of the resolution for the withdrawal of listing is subject to the following conditions:
 - (a) the resolution is approved by a majority of shareholders and holders of any other class of listed securities, if applicable, in number, representing 75% of the total number of issued securities held by the shareholders and other securities holders respectively, present and voting either in person or by proxy at each meeting; and

- (b) the number of votes cast against the resolution, if any, by each class of listed securities respectively, if applicable, is not more than 10% of the total number of issued securities held by the shareholders and other securities holders respectively, present and voting either in person or by proxy at each meeting.

Where the constituent document of the listed issuer imposes a stricter condition in respect of the votes required to approve the withdrawal of listing, such stricter condition will apply in substitution of the foregoing provision;

- (iii) the shareholders and holders of any other class of listed securities, if applicable, are offered a reasonable cash alternative or other reasonable alternative ("**Exit Offer**"); and
- (iv) the listed issuer appoints an independent adviser, which meets the approval of the independent directors, to advise and make recommendations for the consideration of the shareholders and holders of any other class of listed securities, if applicable, in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer.

Our comments

The Holders are to take note that they will not be able to trade FGV shares on the Main Market of Bursa Securities should there be any suspension in trading / delisting of FGV Shares consequent to the circumstances above, and there may not be an active market for the unlisted FGV Shares.

As stated in Section 4.2 of the Offer Document, if the Offeror receives valid acceptances which result in the Offeror and its associates holding in aggregate 90% or more of FGV Shares (excluding treasury shares), an immediate announcement will be made by FGV. Upon such announcement, Bursa Securities will suspend the trading in FGV Shares immediately upon expiry of five market days from the Closing Date. Thereafter, the Offeror will submit a request to FGV to take the necessary procedures to withdraw its listing status from the Official List in accordance with Chapter 16 of the Listing Requirements. Bursa Securities may at its discretion impose additional conditions for the withdrawal of FGV's listing status from the Official List. If the delisting of FGV from the Official List is successful, FGV Shares will no longer be quoted and traded on the Main Market of Bursa Securities.

In view of the above, you are advised to closely monitor the market prices, trading volume any press releases and/or announcements made in relation to the Offer, particularly on the level of acceptances, as well as changes in shareholdings of the Offeror and its PACs, and non-compliance with the Public Spread Requirement (if any).

For your information, the historical trading volume of FGV Shares for the past 12 months from January 2020 to December 2020 (being the last full trading month before the LPD), is as follows:

Month	Monthly volume traded ⁽¹⁾ (Shares)	Monthly volume traded over free float ⁽²⁾ (%)
January	185,372,900	12.4
February	130,903,100	8.8
March	251,647,200	16.9
April	216,104,200	14.5
May	629,478,508	42.2
June	325,436,704	21.8
July	439,392,920	29.4
August	204,774,700	13.7
September	234,471,800	15.7
October	213,017,100	14.3
November	332,088,600	22.3
December	135,903,696	9.1
Simple average	274,882,619	18.4

(Source: Bloomberg and announcements on Bursa Securities)

Notes:

- (1) Monthly trading volume excludes FGV Shares traded in the open market by the Directors and substantial shareholders of FGV during the respective months, if any.
- (2) Computed by dividing the monthly volume with free float shares of 1,492,321,025 (representing approximately 40.9% of the issued share capital of FGV (excludes FGV Shares held by the Directors, substantial shareholders of FGV, Offeror and PACs) as at the LPD).

Based on the table above, FGV Shares were traded at an average monthly volume of 274.8 million units, representing approximately 18.4% of the free float of FGV Shares for the past 12 months from January 2020 to December 2020 (being the last full trading month before the LPD). In view of this, FGV Shares were relatively liquid and Holders may have the opportunity to realise their investment in FGV in the open market if they do not wish to accept the Offer.

Further, when the Offeror accumulates a higher shareholding level (beyond the collective shareholdings of the Offeror and the PACs in FGV of 54.09% as at the LPD) as a result of valid acceptances received pursuant to the Offer and/or via further acquisitions, the liquidity of FGV Shares and the Holders' ability to dispose of their FGV Shares in the open market after the Closing Date may be constrained. Hence, the Offer may represent an avenue for the Holders (especially for those holding a significant number of FGV Shares) to realise their investment in FGV Shares for cash at the Offer Price.

The above evaluation is based on the historical trading volume of FGV Shares for the respective periods as well as the free float as at the LPD, and should not be relied upon as an indication of the future trading liquidity of FGV Shares, which may be influenced by amongst others, the performance and prospects of FGV Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors.

7.3.1 Compulsory acquisition

As set out in Section 4.2 of the Offer Document, if the Offeror receives valid acceptances from the Holders of not less than 9/10 in the nominal value of the Offer Shares (excluding FGV Shares already held as at the date of the Offer by the Offeror and its persons acting in concert) on or before the Closing Date, the **Offeror intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Dissenting Holders**. In such instance, all the Offer Shares that are compulsorily acquired will, subject to Section 224(1) of the CMSA, be acquired on the same terms as set out in the Offer Document and in accordance with Section 222(1) of the CMSA.

Under Section 224(1) of the CMSA, where a notice is given under Section 222(1) of the CMSA, the court may, on an application made by any Dissenting Holder within one month from the date on which the notice was given by the Offeror under Section 222(1) of the CMSA, order that the Offeror shall not be entitled and shall not be bound to acquire the Offer Shares of any Dissenting Holder, or specify terms of acquisition that are different from the terms of the Offer.

7.3.2 Rights of Dissenting Holders

As set out in Section 4.3 of the Offer Document, subject to Section 224 of the CMSA, if the Offeror receives valid acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than 9/10 in the value of FGV Shares (including FGV Shares already held as at the date of the Offer by the Offeror and its persons acting in concert) on or before the Closing Date ("**Section 223 Threshold**"), a Dissenting Holder may exercise his/her/its rights, under Section 223(1) of the CMSA, by serving a notice to require the Offeror to acquire his/her/its Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Holder.

If a Dissenting Holder exercises his rights under the provisions of Section 223(1) of the CMSA, the Offeror will acquire such Offer Shares in accordance with the provisions of the CMSA, subject to Section 224 of the CMSA. Under Section 224(3) of the CMSA, when a Dissenting Holder exercises his rights under Section 223(1) of the CMSA, the court may, on an application made by such Dissenting Holder or the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

Further, Section 223(2) of the CMSA requires the Offeror to give the Dissenting Holders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Holders under Section 223(1) of the CMSA ("**Notice to Dissenting Holders**"), within one month of the time the Offeror has acquired FGV Shares and/or received valid acceptances from the Holders resulting in the Offeror and the persons acting in concert holding not less than 9/10 in the value of FGV Shares (including FGV Shares already held at the date of the Offer by the Offeror and the persons acting in concert).

A Notice to Dissenting Holders under Section 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Holders, which shall, in any event, be no less than three months after the Closing Date. We wish to advise that if you have become entitled to and wish to exercise your rights under Section 223 of the CMSA, you should consult your legal adviser immediately.

Our view on the reasonableness of the Offer

Based on our analysis as set out in Section 7 above, we are of the view that the Offer is **REASONABLE**.

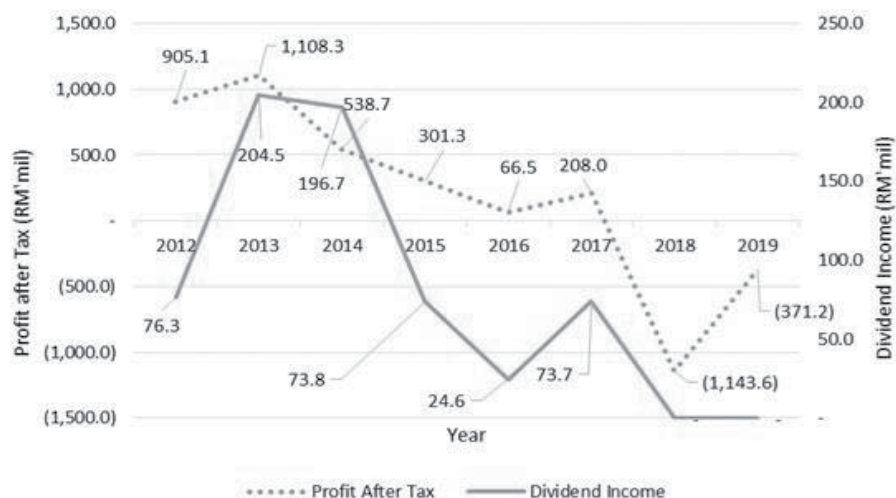
8. RATIONALE FOR THE ACQUISITION AND THE OFFER AND FUTURE PLANS FOR FGV GROUP AND ITS EMPLOYEES

We refer to the rationale for the Offer and future plans for FGV Group and its employees as set out in Sections 3 and 5 of the Offer Document.

8.1 Rationale for the Acquisition and the Offer

We noted the following:

- (i) FGV was incorporated in Malaysia under the Companies Act 1965 on 19 December 2007 and was the commercial arm of FELDA for its investments in the upstream and downstream palm oil business and other agribusinesses;
- (ii) in 2009, almost all of FELDA's downstream business entities were transferred to FGV. In 2012, FELDA embarked on a corporate restructuring exercise that involved the listing of FGV on the Main Market of Bursa Securities. As part of the listing plan, the commercial plantation lands previously under FELDA were leased to FGV via the Land Lease Agreement. FGV was subsequently listed on the Main Market of Bursa Securities on 28 June 2012 and since then, FELDA has been and is still a substantial shareholder of FGV;
- (iii) pursuant to a press statement released by the Minister in the Prime Minister's Department (Economy) on 28 October 2020 under the title "Pelan Pemulihan Felda" which was followed by a special briefing to the press editors held by FELDA on 30 October 2020, it was made known to the public that FELDA will be embarking on a transformation plan to make FELDA financially independent and sustainable. The plan entails, inter-alia, enhancing its core income from its lands which may or may not involve terminating the Land Lease Agreement and taking over the related palm oil mills subject to satisfactory discussions with FGV. Concurrently, the Offer was also considered and based on the advice from financial and legal advisers, the Offer represents the most efficient and effective approach for FELDA;
- (iv) the Acquisition represents an opportunity for FELDA to obtain statutory control of FGV together with the PACs in order to pursue its transformation plan and to restructure FELDA and its related companies to strengthen its core business in the plantation sector. The Acquisition will enhance FELDA's ability to control the plantation lands and integrated value-chain of FGV Group, which will pave the way for greater cooperation in the business activities of FELDA and FGV Group, and provide FELDA access to high value added downstream activities undertaken by FGV Group in the plantation sector;
- (v) FELDA has been incurring losses since 2013. For the FYE 31 December 2018, the Offeror group incurred loss after tax of RM3,420.04 million. FELDA has been unable to recognise a good return from the Land Lease Agreement pursuant to which FGV is required to pay 15% of its yearly plantation operating profit attributable to the agreed leased area as FGV's profit after tax and the dividend income FELDA (together with FELDA Asset) received from FGV have been decreasing since 2013, as shown in the chart below:



- (vi) through the increase in operational and financial efficiencies by streamlining the entire value chain of upstream and downstream operations in the plantation sector respectively held by the Offeror and FGV Group, the Acquisition is expected to contribute positively to the future earnings of the Offeror and create sustainable synergies within the enlarged Offeror group. This in turn will allow the Offeror to have sustainable cash flows to restore the performance and sustainability of the Offeror through repayment of debt and improvement in operations; and
- (vii) the Offer undertaken pursuant to Section 218(2) of the CMSA and Paragraph 4.01 of the Rules provides an opportunity for FELDA to further increase its shareholding in FGV, thereby further consolidating its control in FGV. In turn, this would place FELDA in a better position to align the future strategy and business direction of FGV Group, primarily its plantation sector, to fully realise the benefits anticipated from the exercise.

Our comments

The Acquisition and the Offer form part of the Offeror's plan to obtain statutory control of FGV to restructure the Offeror and its related companies to strengthen its core business in the plantation sector and to increase operational and financial efficiencies via the streamline of the entire value chain of upstream and downstream operations in the plantation sector held by Offeror and FGV Group ("**Synergies Plan**"). Holders should however take note that there is no assurance that the Synergies Plan by the Offeror will materialise as expected and create the additional benefits following the Offer.

We also took from FGV's Chairman's various letters to its shareholders that since 2018, FGV has put in place a transformation plan to amongst others restore FGV's operational and financial efficiencies. A professional management team has been put in place to implement and drive the transformation plan and based on FGV's Chairman's various letters, there have been certain improvements operationally and financially in FGV since the implementation of the transformation plan. Holders are advised to read the Chairman's various letters announced by FGV on 30 April 2020, 8 January 2020, 21 June 2019 and 14 January 2019 on Bursa Securities' website carefully.

Further, in addition to FGV's obligation to pay 15% of its yearly plantation operating profit attributable to the agreed leased area to the Offeror under the Land Lease Agreement, FGV is also required to pay to the Offeror an annual fixed lease amount estimated at RM248 million.

8.2 Future plans for FGV Group and its employees

The Offeror's future plans for FGV Group and its employees are summarised as follows:

- (i) continuation of the existing businesses of FGV Group;
- (ii) no plan and/or intention to liquidate any company within FGV Group, dispose any major asset or undertake any major re-deployment of the fixed assets of FGV Group or introduce or effect any major change to the existing businesses of FGV Group as a direct consequence of the Offer; and
- (iii) no plan at this juncture to dismiss or make redundant the existing employees of FGV Group as a direct consequence of the Offer,

unless pursuant to rationalisation and/or streamlining of business activities for the betterment of the enlarged Offeror group.

We also note that the Offeror shall retain the flexibility to consider any option and/or potential opportunity as it considers fit and in the best interests of the enlarged Offeror group which may include strategic investments, rationalisations, streamlining the business activities and/or restructuring of FGV Group.

Premised on the above, we are of the view that the businesses and management of FGV Group will continue to operate as usual and remain intact following the completion of the Offer, save for any implementation of plans pursuant to the strategic investments, rationalisations, streamlining the business activities and/or restructuring of FGV Group.

9. FURTHER INFORMATION

The Holders are advised to refer to the views and recommendation of the Non-Interested Directors as set out in Part A of this IAC as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

10. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:

- (i) the term **"fair and reasonable"** should generally be analysed as two distinct criteria, i.e. whether the Offer is **"fair"** and whether the Offer is **"reasonable"**, rather than as a composite term;
- (ii) the Offer is considered as **"fair"** if the Offer Price is equal to or higher than the market price and is also equal to or higher than value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as **"not fair"**. In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;
- (iii) in considering whether the Offer is **"reasonable"**, we have taken into consideration matters other than the valuation of the Offer Shares; and
- (iv) generally, a take-over offer would be considered **"reasonable"** if it is **"fair"**.

Nevertheless, we may also recommend for the Holders to accept the Offer despite it being **"not fair"**, if we are of the view that there are sufficiently strong reasons to accept the Offer in the absence of a higher bid and such reasons should be clearly explained.

If we conclude that the Offer is “**not fair but reasonable**”, we must clearly explain the following:

- (i) what is meant by “**not fair but reasonable**”;
- (ii) how have we reached to this conclusion; and
- (iii) the course of action that the Holders are recommended to take pursuant to the conclusion.

Further, we have assessed and evaluated the fairness and reasonableness of the Offer based on all relevant and pertinent factors as set out in **Sections 6 and 7 of this IAL**.

Holders should consider carefully the merits and demerits of the Offer based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAC and the Offer Document.

We set out below the summarised pertinent factors which you should consider before making a decision whether to accept or reject the Offer:

Fairness : We are of the view that the Offer is **NOT FAIR** as the Offer Price is **lower** and represents a **discount** of between RM0.12 (8.5%) and RM0.30 (18.8%) over the range of estimated value per FGV Share derived using the SOPV method of between RM1.42 and RM1.60.

For the information of the Holders, The Offer Price represents:

- (i) a **premium** ranging from RM0.03 (2.36%) to RM0.16 (14.04%) over the last traded price of FGV Shares as at the Press Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Press Notice LTD; and
- (ii) a **premium** ranging from RM0.08 (6.56%) to RM0.17 (15.04%) over the last traded price of FGV Shares as at the Notice LTD, and the 5-day, 1-month, 3-month, 6-month and 1-year VWAMPs up to and including the Notice LTD; and
- (iii) a range of **premium** of up to RM0.03 (2.36%) over the last traded price of FGV Shares as at the LPD, and the 5-day and 1-month VWAMPs up to and including the LPD.

Reasonableness : We are of the view that the Offer is **REASONABLE** due to the following:

- (i) As at the LPD, the Board has not received any alternative proposal for the Offer Shares (including any offer to acquire the assets and liabilities of FGV Group).

In view of the collective shareholding of the Offeror and the PACs in FGV is 54.09% as at the LPD, any alternative proposal will not be successful unless with their support. In that respect, the Non-Interested Directors do not intend to seek an alternative person to make a take-over offer.

- (ii) In view of the majority stake of the Offeror and the PACs in FGV of 54.09% as at the LPD, unless the Offeror and the PACs are required to abstain from voting on resolutions sought at shareholders' general meetings of FGV, the Offeror and the PACs have control over matters and are able to determine the outcome of resolutions sought at such general meetings on any ordinary resolutions (as such resolutions only require approval from more than 50% of the total votes cast) as well as any special resolutions (as such resolutions require approval from at least 75% of the total votes cast).

Save for the Offeror and the PACs, and Kerajaan Negeri Pahang, there is no other substantial shareholder in FGV.

- (iii) The Offeror does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities, and intends to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Dissenting Holders.

Should there be any suspension in trading / delisting of FGV Shares consequent to the circumstances above, the Holders will not be able to trade these securities on the Main Market of Bursa Securities.

Further, when the Offeror accumulates a higher shareholding level (beyond the collective shareholdings of the Offeror and the PACs in FGV of 54.09% as at the LPD) as a result of valid acceptances received pursuant to the Offer and/or via further acquisitions, the liquidity of FGV Shares and the Holders' ability to dispose of their FGV Shares in the open market after the Closing Date may be constrained. Hence, the Offer may represent an avenue for the Holders (especially for those holding a significant number of FGV Shares) to realise their investment in FGV Shares for cash at the Offer Price.

Premised on the above and our evaluation of the Offer, we are of the view that the Offer is **NOT FAIR** but **REASONABLE**. Accordingly, we recommend that the Holders **ACCEPT** the Offer.

However, the decision to be made would rest on the individual risk appetite and specific investment requirements of the Holders. If the Holders so wish and if the trading liquidity permits, they may consider disposing of their FGV Shares in the open market if the market share prices of FGV Shares are higher than the Offer Price, after taking into consideration the associated transaction costs and assuming that there will not be any revision to the Offer Price.

The Holders are advised to closely monitor the market prices, trading volume and any press releases and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.



The advice of RHB Investment Bank as contained in this IAL is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, risk profiles, financial and tax situations or any particular needs of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, risk profiles, financial and tax situations, risk profiles or any particular needs should consult their respective stockbrokers, bank managers, solicitors, accountants or other professional adviser immediately

Yours faithfully
For and on behalf of
RHB Investment Bank Berhad

Jaimie Sia
Executive Director
Head, Group Capital Markets

Tommy Har
Director
Co-Head, Corporate Finance

INFORMATION ON FGV

1. HISTORY AND PRINCIPAL ACTIVITIES

FGV was incorporated in Malaysia on 19 December 2007 under the Companies Act 1965 and deemed registered under the Act as a private limited company under the name of Felda Global Ventures Holdings Sdn Bhd. On 18 January 2012, FGV was converted into a public limited company and changed its name to Felda Global Ventures Holdings Berhad. Subsequently on 29 June 2018 it changed its name to its present name. FGV was listed on the Main Market of Bursa Securities on 28 June 2012.

FGV is principally an investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, manufacturing, logistics, and others. The principal activities of the subsidiaries of FGV are set out in Section 5 of this Appendix I.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, the issued share capital of FGV is as stated in the table below:

	<u>No. of FGV Shares</u>	<u>Total</u>
		(RM)
Ordinary shares	3,648,151,500	7,029,888,221
Special Share	*	*

Note:

* Relating to one unit Special Share held by the Minister of Finance (Incorporated) ("**Special Shareholder**") of RM1.

As at the LPD, there are two classes of shares in FGV, i.e. ordinary shares and Special Share held by the Special Shareholder. All ordinary shares in FGV rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or Distributions.

The Special Share has the following characteristics:

- (a) The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class or shareholders of FGV, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (b) In a distribution of capital in a winding up of FGV, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other member. The Special Share shall confer no other right to participate in the capital or profits of FGV.

Further, as at the LPD, FGV has 123,600 treasury shares held by the trustee of the trust that was established to facilitate the implementation of FGV LTIP in accordance with the trust deed dated 28 April 2016.

2.2 Changes in the issued share capital

There are no changes in FGV's issued share capital since the end of the FYE 31 December 2020 up to the LPD.

INFORMATION ON FGV

2.3 Convertible securities

As at the LPD, FGV does not have any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

Details of FGV's substantial shareholders as at the LPD are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of FGV Shares	%	No. of FGV Shares	%
FELDA	Malaysia	1,412,759,000	38.72	452,921,192 ⁽¹⁾	12.42
FELDA Asset	Malaysia	452,921,192	12.42	-	-
Kerajaan Negeri Pahang	Malaysia	182,407,575	5.00	-	-

Note:

- (1) Deemed interested by virtue of its interest in FELDA Asset pursuant to Section 8(4) of the Act.

INFORMATION ON FGV

4. DIRECTORS OF FGV

Details of the Directors and their respective shareholdings in FGV as at the LPD are as follows:

Name	Nationality	Designation	Date of appointment	Correspondence address	FGV Shares			
					Direct		Indirect	
					No. of FGV Shares	%	No. of FGV Shares	%
Datuk Wira Azhar Abdul Hamid	Malaysian	Chairman, Non-Independent Non-Executive Director	8 September 2017	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	-	-	-	-
Dato' Yusli Mohamed Yusoff	Malaysian	Deputy Chairman, Independent Non-Executive Director	6 September 2018	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	-	-	-	-
Datuk Mohd Anwar Yahya	Malaysian	Independent Non-Executive Director	23 November 2017	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	-	-	-	-
Datin Hoi Lai Ping	Malaysian	Independent Non-Executive Director	6 September 2018	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	-	-	-	-
Dr. Mohamed Nazeem P. Alithambi	Malaysian	Independent Non-Executive Director	31 October 2017	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	7,000	*	-	-
Dr. Nesadurai Kalanithi	Malaysian	Independent Non-Executive Director	1 January 2018	Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur	-	-	-	-

INFORMATION ON FGV

Name	Nationality	Designation	Date of appointment	Correspondence address	FGV Shares			
					Direct		Indirect	
					No. of FGV Shares	%	No. of FGV Shares	%
Dato' Amiruddin Abdul Satar	Malaysian	Non-Independent Non-Executive Director	26 October 2020	Pejabat Pengarah Besar Aras 47, Menara FELDA Platinum Park No. 11, Persiaran KLCC 50088 Kuala Lumpur	-	-	-	-
Dato' Shahrul Anuwar Sarman	Malaysian	Non-Independent Non-Executive Director	17 November 2020	Kementerian Kewangan Kompleks Kementerian Kewangan Bahagian Pelaburan Strategik Aras 5, Blok Tengah No. 5, Persiaran Perdana Presint 2 62592 Wilayah Persekutuan Putrajaya	-	-	-	-
Dr. Zunika Mohamed	Malaysian	Non-Independent Non-Executive Director	10 February 2020	Kementerian Hal Ehwal Ekonomi Setia Perdana 5&6 Kompleks Setia Perdana Pusat Pentadbiran Kerajaan Persekutuan 62502 Wilayah Persekutuan Putrajaya	-	-	-	-

Note:

* Negligible.

INFORMATION ON FGV

5. SUBSIDIARIES, ASSOCIATED AND JOINT VENTURES COMPANIES

Details of FGV's subsidiaries as at the LPD are as follows:

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
Agro Fresh Technology Group Sdn Bhd	52.0	Malaysia	Retail sale of any kind of product over the internet, wholesale of other foodstuffs, wholesale of meat, fish, fruits and vegetables N.E.C
Allied Engineering Consultancy Services Sdn Bhd	51.0	Malaysia	Provide engineering consultancy services
Asian Plantations Limited	100.0	Singapore	Investment holding
Asian Plantations Milling Sdn Bhd	100.0	Malaysia	Oil palm milling
Asian Plantations (Sarawak) Sdn Bhd	100.0	Malaysia	Investment holding
Asian Plantations (Sarawak) II Sdn Bhd	100.0	Malaysia	Investment holding
Asian Plantations (Sarawak) III Sdn Bhd	100.0	Malaysia	Investment holding
Bangsau Sdn Bhd	100.0	Malaysia	Investment holdings
BJ Corporation Sdn Bhd	100.0	Malaysia	Oil palm plantation
Blossom Plantations Sdn Bhd	100.0	Malaysia	Cultivation of oil palm

INFORMATION ON FGV

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
Bright Cow Industries Sdn Bhd	60.0	Malaysia	Manufacturing and trading of dairy products
Delima Oil Products Sdn. Bhd.	72.0	Malaysia	Processing and packaging of palm oil based products
Felda Engineering Services Sdn Bhd	51.0	Malaysia	Engineering services including project management, sale of industrial equipment and property management
Felda Global Ventures Indonesia Sdn Bhd	100.0	Malaysia	Under liquidation
Felda Global Ventures North America Sdn Bhd	100.0	Malaysia	Investment holding
Felda Global Ventures Perlis Sdn Bhd	100.0	Malaysia	Currently in process of annulment of winding-up process
Felda Holdings Bhd	100.0	Malaysia	Investment holding
Felda Properties Sdn Bhd	51.0	Malaysia	Property development and management, project management for mining and logging activities and acting as manager in managing certain projects on behalf of FELDA
Felda Travel Sdn Bhd	100.0	Malaysia	Travel and tour agent
Feltex Co Ltd	36.4	Thailand	Processing and marketing of latex concentrate
FGV Agri Services Sdn Bhd	76.9	Malaysia	Production and sale of palm oil, cocoa, rat poison, fertilisers and oil palm seeds and provision of agricultural research services
FGV Applied Technologies Sdn Bhd	100.0	Malaysia	Research and development of mechanization, automation, milling, biomass, bio and oleo chemicals, and food technology
FGV Biotechnologies Sdn Bhd	100.0	Malaysia	Processing and sale of biodiesel products
FGV Bulkera Sdn Bhd	86.3	Malaysia	Storing and handling export of palm oil, oleochemical products, latex concentrate and standard Malaysian rubber (" SMR ")

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Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
FGV Cambodia (L) Pte Ltd	100.0	Malaysia	Investment holding
FGV Capital Sdn Bhd	100.0	Malaysia	Undertake the business of all kinds of treasury services
FGV-CVC (Cambodia) Co Ltd	75.0	Cambodia	Production and export of rubber blocks and other processed rubber
FGV Dairy Farm Sdn Bhd	60.0	Malaysia	Engaged in the business breeding calves for producing milk, genetic improvement, supplying genetic materials and other related services
FGV Downstream Sdn Bhd	100.0	Malaysia	Investment holding
FGV Fertiliser Sdn Bhd	100.0	Malaysia	Manufacturing and selling of granulated compound fertilisers
FGV Grains Terminal Sdn Bhd	70.3	Malaysia	Handling, storage, transportation, mixing and blending of PK and grains
FGV Green Energy Sdn Bhd	60.0	Malaysia	Processing and sale of biodiesel products
FGV Integrated Farming Holdings Sdn Bhd (formerly known as FGV Leads Sdn Bhd)	100.0	Malaysia	Investment holding company
FGV Investment (L) Pte Ltd	100.0	Malaysia	Investment holding
FGV Johor Bulkurs Sdn Bhd (formerly known as Felda-Johore Bulkurs Sdn Bhd)	73.1	Malaysia	Storing and handling of palm oil products
FGV Kalimantan Sdn Bhd	100.0	Malaysia	Investment holding
FGV Kernel Products Sdn Bhd	60.0	Malaysia	Buying and processing oil palm kernels, refined palm oil products and selling its products

INFORMATION ON FGV

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
FGV Logistics Sdn Bhd	90.0	Malaysia	Provision of transportation
FGV Marketing Services Sdn Bhd	36.7	Malaysia	Marketing of FGV Group's commodity products
FGV Myanmar (L) Pte Ltd	100.0	Malaysia	Investment holding
FGV Palm Industries Sdn Bhd	72.0	Malaysia	Investment holding and the provision of tolling services related to the processing of FFB into CPO and PK
FGV Plantations Sdn Bhd	100.0	Malaysia	Investment holding
FGV Plantations (Malaysia) Sdn Bhd	100.0	Malaysia	Production of FFB, rubber cup-lump and other agricultural products
FGV Prodata Systems Sdn Bhd	80.0	Malaysia	Provision of computer services, sale of computer software and equipment
FGV Products Sdn Bhd	100.0	Malaysia	Sales, marketing, and distribution of retail packed consumer products
FGV-PU India Private Limited	70.0	India	Sales regional office including market intelligence and business development work for India market
FGV R&D Sdn Bhd	100.0	Malaysia	Research and development
FGV Refineries Sdn Bhd	48.0	Malaysia	Tolling services of CPO and PK oil
FGV Research Sdn Bhd	100.0	Malaysia	Investment holding company
FGV Resources Sdn Bhd	100.0	Malaysia	Dormant
FGV Rubber Industries Sdn Bhd	71.4	Malaysia	Processing of raw latex to concentrated latex and SMR, manufacturing, trading and distribution of rubber related products

INFORMATION ON FGV

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
FGV Shared Services Centre Sdn Bhd	100.0	Malaysia	Provide transactional processing activities for finance and human resources function of FGV Group of companies.
FGV Security Services Sdn Bhd	51.0	Malaysia	Provision of security services
FGV Sugar Sdn Bhd	100.0	Malaysia	Investment holding
FGV Trading Sdn Bhd	100.0	Malaysia	Purchasing of oil palm FFB, processing, refining and sale of its finished products, and trading of commodities products
FGV Transport Services Sdn Bhd	51.0	Malaysia	Provision of liquid and general cargo transportation, courier and forwarding services and jetty operation services
FGV USA Properties, Inc	100.0	United States of America	Operator of residential real estate in the United States of America
FNI Biofuel Sdn Bhd	72.0	Malaysia	Manufacturing of biomass fuel from empty fruit bunch
Fore River Transportation Corporation	100.0	United States of America	Operation, management and maintenance of a railroad service
Fortune Plantation Sdn Bhd	100.0	Malaysia	Oil palm plantation
FS Oils Sdn Bhd	48.0	Malaysia	Under liquidation
F.W.Q. Enterprises (Pvt) Ltd	65.0	Pakistan	Provision of jetty services
Grand Performance Sdn Bhd	100.0	Malaysia	Oil palm plantation
Jubilant Paradise Sdn Bhd	60.0	Malaysia	Oil palm plantation
Incosetia Sdn Bhd	100.0	Malaysia	Oil palm plantation

INFORMATION ON FGV

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
Kilang Kelapa Sawit Pontian Sdn Bhd	100.0	Malaysia	Investment holding
Kronos Plantation Sdn Bhd	100.0	Malaysia	Oil palm plantation
Ladang Kluang Sdn Bhd	100.0	Malaysia	Cultivation of oil palm
Langsat Bulkurs Sdn Bhd	73.1	Malaysia	Provision of bulking installation services for palm oil and related vegetable oil products
Malaysia Cocoa Manufacturing Sdn Bhd	100.0	Malaysia	Ceased operations in 2016
MSM Logistics Sdn Bhd	51.0	Malaysia	Provision of transportation services
MSM Malaysia	51.0	Malaysia	Investment holding
MSM Perlis Sdn Bhd	51.0	Malaysia	Raw sugar refining, and rubber and oil palm plantations
MSM Prai Berhad	51.0	Malaysia	Sugar refining, sales and marketing of sugar products and investment holdings
MSM Sugar Refinery (Johor) Sdn Bhd	51.0	Malaysia	Carry on the business in sugar product and by product; and to import raw sugar and others for milling and refining of sugar
MSM Trading & Distribution Sdn Bhd	51.0	Malaysia	Buy and sell commodity products
MSM Trading International DMCC	51.0	United Arab Emirates	Under liquidation
Plantation Resorts Sdn Bhd	100.0	Malaysia	Under liquidation
Pontian Fico Plantations Sdn Bhd	78.3	Malaysia	Investment holding, cultivation and purchase of oil palm, FFB, processing, extraction of CPO and PK for sale
Pontian Hilico Plantations Sdn Bhd	78.3	Malaysia	Cultivation of oil palm

INFORMATION ON FGV

Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
Pontian Materis Plantations Sdn Bhd	78.3	Malaysia	Cultivation of oil palm and investment holding
Pontian Orico Plantations Sdn Bhd	78.3	Malaysia	Cultivation of oil palm and sales of oil palm seedlings
Pontian Pendirosa Plantations Sdn Bhd	78.3	Malaysia	Cultivation of oil palm and investment holding
Pontian Subok Plantations Sdn Bhd	78.3	Malaysia	Cultivation of oil palm
Pontian United Plantations Berhad	100.0	Malaysia	Investment holding and cultivation of oil palm
PT Bumi Agro Nusantara	100.0	Indonesia	Management and consulting services
PT Cashgrow Ventures	34.9	Indonesia	Commodity trading
PT Citra Niaga Perkasa	95.0	Indonesia	Oil palm plantation
PT Felda Indo Rubber	50.0	Indonesia	Under liquidation
PT Patisindo Sawit	73.0	Indonesia	Storing and handling export of vegetable oil
PT Temila Agro Abadi	95.0	Indonesia	Oil palm plantation
Rawajaya Sdn Bhd	100.0	Malaysia	Cultivation of oil palm
Redefined Land Sdn Bhd	100.0	Malaysia	Investment holdings
Sabahanya Plantations Sdn Bhd	100.0	Malaysia	Investment holding and cultivation of oil palm
South Asian Farms Sdn Bhd	100.0	Malaysia	Dormant
Sri Kehuma Sdn Bhd	100.0	Malaysia	Cultivation of oil palm
Tanah Emas Oil Palm Processing Sdn Bhd	100.0	Malaysia	Operation of a palm oil mill

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Name of company	Effective equity interest (%)	Place of incorporation	Principal activities
TRT Europe GmbH	100.0	Germany	Dormant
Twin Rivers Technologies Holdings Entreprises De Transformation De Graines Oleagineuses Du Quebec Inc.	100.0	Canada	Investment holding
Twin Rivers Technologies Holdings, Inc.	100.0	United States of America	Investment holding
Twin Rivers Technologies Manufacturing Corporation	100.0	United States of America	Procurement, processing and supply of fatty acids
Yapidmas Plantation Sdn Bhd	100.0	Malaysia	Cultivation of oil palm and provision of management service
Details of FGV's associated companies as at the LPD are as follows:			
Name of company	Country of incorporation	Effective equity interest (%)	Principal activities

Nilai Education Sdn. Bhd.	Malaysia	30.00	Management of an educational institute
FKW Global Commodities (PVT) Limited	Pakistan	30.00	Import and trading of edible oil and allied products
Malacca Plantation Sdn. Bhd.	Malaysia	34.33	Investment holding and cultivation of oil palm

INFORMATION ON FGV

Details of FGV's joint venture companies as at the LPD are as follows:

Name of company	Country of incorporation	Effective equity interest (%)	Principal activities
FGV Iffco Sdn Bhd (formerly known as Felda Iffco Sdn Bhd)	Malaysia	50.0	Investment holding and refining and packing of palm oil and PK based products
Trurich Resources Sdn Bhd	Malaysia	50.0	Investment holding and plantations
FPG Oleochemicals Sdn Bhd	Malaysia	50.0	Manufacturing and sales of methyl ester, fatty alcohol, glycerine and provision of services in relation to its principal activities
Malaysia Pakistan Venture Sdn Bhd	Malaysia	37.5	Investment holding
Mapak Edible Oils (Pvt) Ltd	Pakistan	30.0	Provide refining/marketing of Refined Bleached Deodorized ("RBD") palm oil, RBD palm olein, RBD stearin, cooking oil, vanaspati, margarine shortening, confectionery fats and other by-products
MEO Trading Sdn Bhd	Malaysia	30.0	Under liquidation
FTJ Biopower Sdn Bhd	Malaysia	43.0	Develop, construct, operate and maintain power plant with uses empty fruit bunch as its fuel and to generate and sell electricity
MyBiomass Sdn Bhd	Malaysia	23.1	Developing and pioneering high value green chemicals biorefinery
Kuala Muda Estate Joint Venture ⁽¹⁾	-	50.0	Cultivation of oil palms

Note:

(1) Kuala Muda Estates is not a company incorporated under the Act. It is a joint operation.

INFORMATION ON FGV

6. PROFIT AND DIVIDEND RECORD

A summary of FGV Group's results based on the audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019 as well as the latest unaudited consolidated financial statements of FGV for the 9-month FPE 30 September 2020 are as follows:

	Audited			Unaudited
	FYE 31 December 2017 (Restated)	FYE 31 December 2018 (Restated)	FYE 31 December 2019	9-month FPE 30 September 2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	16,921,774	13,464,480	13,259,012	10,066,906
Profit/(Loss) before tax	402,526	(1,024,967)	(338,828)	27,438
Profit/(Loss) after tax	197,342	(1,143,604)	(371,156)	(49,288)
<u>Profit/(Loss) after tax attributable to:</u>				
- non-controlling interests	66,414	(62,681)	(124,982)	(64,381)
- owners of FGV	130,928	(1,080,923)	(246,174)	15,093
	197,342	(1,143,604)	(371,156)	(49,288)
Weighted average number of FGV Shares in issue ('000)	3,648,152	3,648,152	3,648,152	3,648,152
Earnings/(Loss) per Share (sen)	3.6	(29.6)	(6.7)	0.4
Dividend per Share (sen)	5.0	-	-	-

There was no exceptional item in the audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 and 9-month FPE 30 September 2020. However, FGV wishes to highlight the following events which have transpired throughout the said periods:

- (i) During the FYE 31 December 2017, there was a provision for litigation loss relating to a legal suit by a vessel owner, against FGV Trading Sdn. Bhd., a wholly-owned subsidiary of FGV. The claims were for the loss and damages caused by an alleged breach of the terms of a Letter of Indemnity ("LOI") issued by FGV Trading Sdn. Bhd. in relation to the release of goods by the vessel owner for CPO sold by FGV Trading Sdn. Bhd. to the end customer, which had defaulted payments to the financial institution;
- (ii) During the FYE 31 December 2018, FGV had performed impairment assessments for the non-financial assets of FGV Group that had impairment indicators. As a result, impairment losses of RM795.7 million were recognised during the FYE 31 December 2018 mainly in respect of property, plant and equipment, intangible assets and assets held for sale of FGV Group;

INFORMATION ON FGV

- (iii) During the FYE 31 December 2019, FGV had performed impairment assessments for the non-financial assets of FGV Group that had impairment indicators. As a result, impairment losses of RM168.3 million were recognized during the FYE 31 December 2019 in respect of property, plant and equipment and right-of-use assets of FGV Group; and
- (iv) During the 9-month FPE 30 September 2020, FGV had assessed the carrying value of its bearer plants due to a series of fire incidents which took place during such period. An amount of RM27.24 million of bearer plants pertaining to rubber trees had been written off in 3rd quarter of 2020. FGV Group had recognised a further provision of RM43.70 million for the impairment of the remaining bearer plant assets in accordance to MFRS 136.

Please also refer to Note 22 of FGV's 3rd quarter consolidated results for the 9-month FPE 30 September 2020 for further details on the other significant events of FGV Group during the period.

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of FGV Group based on the audited consolidated financial statements of FGV as at 1 January 2018, 31 December 2018 and 31 December 2019 as well as the latest unaudited consolidated financial statements of FGV as at 30 September 2020 are as follows:

	Audited			Unaudited
	As at 1 January 2018 (Restated) (RM'000)	As at 31 December 2018 (Restated) (RM'000)	As at 31 December 2019 (RM'000)	As at 30 September 2020 (RM'000)
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	8,391,626	8,501,173	8,190,118	8,002,558
Right-of-use assets	2,381,293	2,365,422	2,213,761	2,228,948
Investment properties	118,169	118,370	106,049	96,851
Intangible assets	1,536,568	996,021	969,754	960,828
Interests in associates	275,478	101,082	39,757	37,601
Interests in joint ventures	585,773	488,175	437,064	445,704
Receivables	88,057	76,211	86,736	90,513
Amount due from a significant shareholder	-	134,982	52,276	39,635
Amount due from a joint venture	26,941	62,929	1,017	-
Amounts due from related companies	-	126,334	12,218	-
Deferred tax assets	742,706	608,045	651,301	583,125
Derivative financial assets	717	561	-	-
Financial assets through other comprehensive income	91,302	86,224	107,434	121,821
Financial assets at fair value through profit or loss	66,575	-	-	-
Loans due from joint ventures	71,431	70,201	-	-
Total non-current assets	14,376,636	13,735,730	12,867,485	12,607,584

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	Audited		Unaudited	
	As at 1 January 2018 (Restated) (RM'000)	As at 31 December 2018 (Restated) (RM'000)	As at 31 December 2019 (RM'000)	As at 30 September 2020 (RM'000)
<u>Current assets</u>				
Inventories	2,132,303	2,063,235	1,313,037	1,242,299
Biological assets	54,338	42,446	45,766	96,780
Receivables	1,364,216	1,235,861	1,213,217	1,288,391
Contract assets	13,091	33,733	28,417	21,094
Amount due from a significant shareholder	218,757	27,610	70,375	67,538
Amounts due from joint ventures	472,938	326,389	148,011	56,292
Amounts due from other related companies	122,209	50,206	76,618	96,556
Tax recoverable	203,309	202,006	51,264	44,218
Financial assets at fair value through profit or loss	55,730	46,055	58,940	60,367
Derivative financial assets	6,875	3,706	18,388	18,598
Deposits, cash and bank balances	1,740,658	1,220,351	1,617,622	1,730,546
Assets held for sale	72,239	4,829	192,499	33,924
Total current assets	6,456,663	5,256,427	4,834,154	4,756,603
TOTAL ASSETS	20,833,299	18,992,157	17,701,639	17,364,187
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	7,029,889	7,029,889	7,029,889	7,029,889
Treasury shares	(1,484)	(705)	(302)	(4,552)
Reserves	(2,982,449)	(3,016,949)	(3,057,961)	(3,045,650)
Retained earnings	1,531,137	452,918	201,575	142,665
Equity attributable to owners of FGV / NA	5,577,093	4,465,153	4,173,201	4,122,352
Non-controlling interests	2,253,750	2,138,628	1,927,099	1,815,840
Total equity	7,830,843	6,603,781	6,100,300	5,938,192
<u>Non-current liabilities</u>				
Borrowings	733,234	991,506	766,054	854,100
Loans due to a significant shareholder	1,222,765	1,074,045	883,176	883,134
Land Lease Agreement liability	4,067,794	4,079,836	4,063,332	4,064,515
Derivative financial liabilities	-	-	5,166	11,702
Provision for asset retirement	32,725	31,810	32,124	32,579
Provision for defined benefit plan	87,768	82,961	87,801	85,818
Lease liability	228,405	251,332	258,957	251,296
Deferred tax liabilities	812,363	735,370	671,954	580,193
Payables	-	-	12,000	12,747
Total non-current liabilities	7,185,054	7,246,860	6,780,564	6,776,084

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	Audited		Unaudited	
	As at 1 January 2018 (Restated) (RM'000)	As at 31 December 2018 (Restated) (RM'000)	As at 31 December 2019 (RM'000)	As at 30 September 2020 (RM'000)
Current liabilities				
Payables	1,178,883	1,227,785	906,970	1,101,037
Loans due to a significant shareholder	164,551	85,058	3,322	13,823
Amount due to a significant shareholder	483,166	187,582	216,558	257,122
Amounts due to associates	37	210	485	363
Amounts due to joint ventures	-	249	-	-
Amounts due to related companies	128,641	2,559	1,604	3,766
Borrowings	3,376,922	3,252,605	3,254,504	2,774,412
Derivative financial liabilities	1,039	7,545	29,266	489
Provision for asset retirement	648	662	655	665
Provision for litigation loss	32,841	35,541	-	-
Lease liability	40,284	42,748	41,838	20,752
Land Lease Agreement liability	325,486	248,172	252,814	340,799
Contract liabilities	58,714	41,209	77,623	73,961
Current tax liabilities	3,712	8,606	34,520	62,447
Liabilities related to assets held for sale	22,478	985	616	275
Total current liabilities	5,817,402	5,141,516	4,820,775	4,649,911
Total liabilities	13,002,456	12,388,376	11,601,339	11,425,995
TOTAL EQUITY AND LIABILITIES	20,833,299	18,992,157	17,701,639	17,364,187
Number of FGV Shares in issue ('000)	3,648,152	3,648,152	3,648,152	3,648,152
NA per Share	1.53	1.22	1.14	1.13

As at the LPD, there were no other material or unusual items affecting the financial position of FGV Group subsequent to the FPE 30 September 2020, except for the consideration of the COVID-19.

FGV sets below the material events after the FPE 30 September 2020:

- (i) On 13 October 2020, FGV had received an expression of interest from Perspective Lane (M) Sdn Bhd ("PLSB") via a letter dated 12 October 2020. PLSB had expressed their interest to participate in FGV via an injection of plantation assets into FGV for share consideration. PLSB would potentially become the single largest shareholder of FGV upon completion. The Board had on 15 October 2020 resolved to explore and evaluate the proposition. As at the LPD, the Board has yet to deliberate on this matter; and

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- (ii) Matters relating to the Land Lease Agreement:
- (a) On 20 October 2020, FGV issued an official statement to provide clarification on amongst others, that FELDA has yet to contact FGV to negotiate on the termination of the Land Lease Agreement;
 - (b) On 29 October 2020, FGV issued an official statement on FELDA's recovery plan for the termination of the Land Lease Agreement; and
 - (c) On 2 November 2020:
 - 1. FGV issued an official statement to reiterate that FGV has yet to receive a written notice from FELDA regarding the termination of the Land Lease Agreement and its intention to take over FGV's oil palm mills nationwide which was announced by the Chairman of the FELDA Special Task Force on 30 October 2020; and
 - 2. the Chairman of FGV has written to the Chairman of FELDA to inform, amongst others, the notice to terminate the Land Lease Agreement is still not forthcoming from FELDA and suggested for FELDA to stop any further media releases on this matter.

8. ACCOUNTING POLICIES

The audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019, and unaudited consolidated financial statement of FGV for the FPE 30 September 2020 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act. There was no audit qualification for FGV Group's financial statements for the respective years under review.

There were changes in the accounting standards adopted by FGV which would result in a variation to the comparable figures for the audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019, and unaudited consolidated financial statements of FGV for the FPE 30 September 2020. For further details of the impact of the adoption of MFRS 16 by FGV Group, please refer to Note 62 of the audited consolidated financial statements of FGV for the FYE 31 December 2019. For further details of the impact of the adoption of certain MFRS standards by FGV Group, please refer to Note 62 of the audited consolidated financial statements of FGV for the FYE 31 December 2018.

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9. BORROWINGS

As at 31 October 2020, FGV Group had a total outstanding borrowings of approximately RM4,761.4 million as set out below:

Borrowings	(RM'000)
<u>Current</u>	
<u>Secured:</u>	
Short term trade financing	31,191
Islamic term loans	113,985
<u>Unsecured:</u>	
Islamic short term trade financing	2,549,091
Short term trade financing	312,009
Term loans due to FELDA	13,823
	3,020,099
<u>Non-current</u>	
<u>Secured:</u>	
Islamic term loans	841,505
<u>Unsecured:</u>	
Term loans due to FELDA	886,766
Islamic term loans	13,019
	1,741,290
Total borrowings	4,761,389

10. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**10.1 Capital commitments**

Save as disclosed below, as at 31 October 2020, which is not more than three months preceding the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by FGV Group, which may have a material impact on financial position of FGV Group:

	As at 31 October 2020
	(RM'000)
Capital expenditure approved and contracted for:	
Property, plant and equipment	97,725
	97,725

10.2 Contingent liabilities

As at 31 October 2020, which is not more than three months preceding the LPD, the Board confirms that there are no contingent liabilities incurred or known to be incurred by FGV Group which, upon becoming enforceable, may have a material impact on the financial position of FGV Group.

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11. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, FGV Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of the FGV Group and the Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings, which may have a material impact on the financial position or the business of the FGV Group:

(i) Kuala Lumpur High Court (Civil Suit No. WA-22NCvC-483-09/2017) between Chengdu Azonda International Trading Co Ltd v Delima Oil Products Sdn. Bhd.

Name of Parties	Plaintiff: Chengdu Azonda International Trading Co Ltd Defendant: Delima Oil Products Sdn. Bhd.
Background/ Nature of Claim & Status	By a writ of summons and statement of claim dated 21 September 2017, Plaintiff had commenced the above legal proceedings against the Defendant for the recovery of damages amounting to approximately RM53,000,000.00. The Defendant had, on 3 November 2017, filed its statement of defence and counterclaim for non-payment of monies for 6 shipments, which took place in 2017 amounting to RM8,081,853.84, which remains due and owing to the Defendant. On 1 August 2019, the High Court dismissed Plaintiff's claim with costs and allowed the Defendant's counterclaim against Plaintiff with costs. The High Court awarded a sum of RM80,000.00 to be paid by Plaintiff to Defendant as costs for both claims. On 10 September 2019, the Defendant's solicitors served the sealed judgment on the Plaintiff's solicitors and demanded the amount of RM8,081,853.84 being the judgment sum together with interest and costs of RM80,000.00. However, no payment has been made to date by the Plaintiff. With respect to enforcement of the judgment against the Plaintiff, the Defendant's solicitors advice is that a judgment of the Malaysian Court ("Malaysian Judgment") would not be enforceable against the Plaintiff in China as China is not included as a reciprocating country in the Reciprocal Enforcement of Judgments Act 1958 ("REJA"). Should the Defendant wish to enforce the said judgment, the Defendant would need to appoint solicitors in China to file a fresh suit against the Plaintiff in China for the monies outstanding. The suit, although deemed a fresh suit, would rely on the evidence adduced in the Malaysian Court and the Malaysian judgment (amongst other documents as per the advice and as required by the Chinese law firm) as a basis to the suit filed against the Plaintiff in China. In doing so, the Defendant's solicitors would also liaise with the Chinese law firm with respect to the preparation of pleadings, documents and anything relating to the suit itself. Subject to the advice and opinion of the Chinese law firm vis a vis Chinese law, the Defendant's solicitors are of the view that based on the Malaysian judgment and the documents available at trial, the Defendant has a good chance in its claim against the Plaintiff in China.

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Upon perusal of the opinion from the Chinese law firm, the Defendant's solicitors have opined that the Defendant may have a better chance to file a fresh suit rather than having to deal with the issue of enforcement of judgment (which is only theoretically better but of which there is a small chance in succeeding based on lack of precedent).

(ii) **Kuala Lumpur High Court (Civil Suit No. WA-22NCvC-779-11/2018) between FGV v Mohd Emir Mavani Abdullah & 13 Others**

Name of Parties

Plaintiff: FGV

Defendants:

- (i) Dato' Mohd Emir Mavani Abdullah,
- (ii) Farisan Bin Mokhtar,
- (iii) Rasydan Bin Alias Mohamed,
- (iv) Ahmad Tifli Bin Dato Mohd Talha,
- (v) Tan Sri Hj. Mohd Isa Dato Hj Abdul Samad;
- (vi) Datuk Dr. Omar Salim,
- (vii) Datuk Noor Ehsanuddin Mohd Harun Narrashid,
- (viii) Dato' Yahaya Abd Jabar,
- (ix) Datuk Haji Faizoull Ahmad,
- (x) Tan Sri Dato' Paduka Ismee Ismail ("**10th Defendant**"),
- (xi) Tan Sri Dato' Dr. Wan Abdul Aziz Wan Abdullah ("**11th Defendant**"),
- (xii) Tan Sri Dr Sulaiman Mahbob ("**12th Defendant**"),
- (xiii) Datuk Nozirah Bahari ("**13th Defendant**"),
- (xiv) Datuk Fazlur Rahman Ebrahim ("**14th Defendant**").

Background/ Nature of Claim & Status

On 23 November 2018, FGV commenced legal proceedings against 14 Defendants inclusive of ex- employees and ex-directors of FGV.

The above legal proceedings concerned FGV's acquisition of 100% equity interest in Asian Plantation Limited ("**APL**") via a voluntary conditional cash offer in 2014, whereby FGV brought this action for loss suffered as a result of Defendants' failure to discharge their respective fiduciary duties, duties or fidelity and/or duties to exercise reasonable care, skill and diligence towards FGV.

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In this regard, FGV sought the following reliefs against Defendants:

- (i) damages totalling RM514 million for loss from the acquisition of APL. Alternatively, damages for loss from the acquisition of APL to be assessed by High Court;
- (ii) general damages;
- (iii) interest at the rate of 5% per annum on damages awarded starting from the date of the filing of the suit until the date of full and final settlement;
- (iv) costs;
- (v) interest at the rate of 5% per annum on the amount of costs awarded starting from the date when the costs was awarded until the date of full and final settlement; and
- (vi) such other and further reliefs that the Court deems fit and proper.

All Defendants had filed their respective defences.

The 10th Defendant, 11th Defendant, 12th Defendant, 13th Defendant and 14th Defendant (“**10th to 14th Defendants**”) had on 11 February 2019 filed a counterclaim against the FGV (“**Counterclaim**”), and the following individuals:

- (i) Azhar bin Abdul Hamid;
- (ii) Mohd Hassan bin Ahmad;
- (iii) Othman bin Omar;
- (iv) Mohamed Nazeeb bin P. Alithambi;
- (v) Salmiah binti Ahmad;
- (vi) Hoi Lai Peng;
- (vii) Yusli bin Mohamed Yusoff;
- (viii) Nesadurai Kalanithi;
- (ix) Mohd Anwar bin Yahya; and
- (x) Mohamad Suffian bin Awang,

(the above individuals (1) – (10) are collectively referred to as “**the Counterclaim Defendants**”, who were the members of Plaintiff’s Board at the time of the Counterclaim)

INFORMATION ON FGV

The Counterclaim was premised on the tort of abuse of process and alleged breaches of fiduciary duties by the Counterclaim Defendants. The Counterclaim sought for the following reliefs, jointly and severally, against FGV and the Counterclaim Defendants:

- (i) declaration that FGV and the Counterclaim Defendants are liable for the loss of RM514 million (in FGV's legal proceedings) (if any);
- (ii) order that any damages (from FGV's legal proceedings) (if any) imposed against the 10th to 14th Defendants shall be indemnified by Plaintiff and the Counterclaim Defendants;
- (iii) general damages;
- (iv) interest at a rate of 5% per annum on the damages awarded starting from the date of the filing of the Counterclaim until the date of full and final settlement;
- (v) costs; and
- (vi) such other and further reliefs that the Court deems fit and proper.

An application by FGV was filed to strike out the Counterclaim. On 8 November 2019, the Court allowed FGV's application to strike out the Counterclaim with costs of RM8,000.00. The 10th to 14th Defendants filed an appeal against the said decision and at the same time applied for a stay of proceeding application.

On 17 June 2020, High Court dismissed the stay of proceedings application by 10th to 14th Defendants with no order as to costs. Meanwhile, the appeal can proceed.

The appeal by the 10th to 14th Defendants on High Court's decision in allowing FGV's striking out application has been fixed for hearing in the Court of Appeal on 7 July 2021.

Next case management for the main suit at High Court has been fixed on 18 January 2021.

(iii) Kuala Lumpur High Court (Civil Suit No. WA-22NCVC-807-11/2018) between FGV v Tan Sri Mohd Isa bin Abdul Samad & Dato' Mohd Emir Mavani Abdullah

Name of Parties

Plaintiff: FGV

Defendants:

- (i) Tan Sri Mohd Isa bin Abdul Samad ("**1st Defendant**")
- (ii) Dato' Mohd Emir Mavani Abdullah ("**2nd Defendant**")

INFORMATION ON FGV

**Background/ Nature
of Claim & Status**

FGV had on 30 November 2018 commenced the above legal proceedings against the Defendants as a result of loss suffered by FGV from the failure of the Defendants to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence towards FGV, in relation to the acquisition by FGV of 2 luxury condominium units located at the Troika at 19, Persiaran KLCC, 50540 Kuala Lumpur ("**Troika Units**") at prices significantly above market value and without proper due diligence, and wrongful and/or unauthorised use and possession of the Troika Units by the Defendants.

The above legal proceedings also pertain to the acquisition by FGV of a number of cars ("**Pool Cars**") and misuse of the Pool Cars by the 2nd Defendant, as well as misuse of petrol benefit by the 2nd Defendant.

In this regard, FGV sought the following reliefs against the Defendants:

- (i) RM2,918,672.00 jointly and severally against the 1st Defendant and the 2nd Defendant in relation to the acquisition of Troika Units;
- (ii) RM1,616,488.03 jointly and severally against the 1st Defendant and the 2nd Defendant in relation to the Defendants' use and possession of the Troika Units;
- (iii) RM3,141,071.86 against the 2nd Defendant in relation to the Pool Cars;
- (iv) RM10,837.10 against the 2nd Defendant in relation to the 2nd Defendant's petrol benefit;
- (v) general damages to be assessed;
- (vi) aggravated damages;
- (vii) exemplary damages;
- (viii) interest at the rate of 5% per annum on damages awarded starting from the date of the filing of the suit until the date of full and final settlement;
- (ix) costs;
- (x) interest at the rate of 5% per annum on the amount of costs awarded starting from the date when the costs was awarded until the date of full and final settlement; and
- (xi) such other and further reliefs that the Court deems fit and proper.

The case management on 7 January 2021 has been adjourned to 22 February 2021. The next trial dates are:

- (i) 24, 25 and 26 of March 2021
- (ii) 8 and 9 of April 2021
- (iii) 3 and 4 of May 2021

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- (iv) 21 and 22 of June 2021
- (v) 14, 15, 16, 27, 28 and 29 of July 2021
- (vi) 3, 4 and 5 of August 2021.
- (iv) **Sandakan High Court (Civil Suit No. SDK-22NCVC-1/2-2016) between Euggine Kausai v Yapidmas Plantation Sdn. Bhd. & 12 Others.**
- Name of Parties** Plaintiff: Euggine Kausai
- Defendants:
- (i) Yapidmas Plantation Sdn. Bhd. (“**Yapidmas**”)
- (ii) Yap Fei Chien (“**2nd Defendant**”)
- (iii) Yap Phing Chern (“**3rd Defendant**”)
- (iv) Mu Chee Min
- (v) Azman, Yong & Partners
- (vi) Azman Karim
- (vii) Welfred Yong
- (viii) Jamil Bin Hamzah
- (ix) Lahida Bin Ibrahim
- (x) Abdul Manap Abd Ruhim
- (xi) Assistant Collector of Land Revenue
- (xii) Director of Land and Surveys, State of Sabah
- (xiii) Every other persons in occupation of the Lands (as hereinafter defined)
- Background/ Nature of Claim & Status** By a writ of summons and statement of claim both dated 3 February 2016, the Plaintiff had commenced the above legal proceedings against Yapidmas for the allegation of fraud in respect of 40 pieces of land situated in the district of Tongod (“**Lands**”) sub-leased to Yapidmas. Plaintiff is seeking for, among others, a declaration that the sub-lease agreements executed by the Plaintiff dated 19 May 2005 to sub-lease the Lands to Yapidmas are null and void, *ab initio*, of no legal effect and an injunction to refrain the Defendants from dealing with the Lands in any manner until final adjudication of the action.
- Yapidmas entered its appearance and filed its statement of defence on 20 April 2016. On 23 November 2018, the Sandakan High Court judge had decided, among others, that:

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- (i) in respect of the said sub-lease agreements and sub-leases created on the Lands in favour of Yapidmas, the Plaintiff had failed to prove its case on the balance of probability. In the premises, Yapidmas' sub-lease on the Lands are valid and remains intact;
- (ii) the High Court judge has further ordered that Yapidmas must deliver/surrender all the relevant title deeds to the said Lands to the Assistant Collector of Land Revenue, District of Tongod, Kinabatangan, Sandakan within three (3) months from the date of the order i.e. 23 November 2018, for cancellation of the endorsement of the transfer; and
- (iii) in respect of costs, the High Court ordered the Plaintiff to pay Yapidmas cost in the sum of RM50,000.00.

Court of Appeal, Civil Appeal No. S-01(NCVC)(W)-722-12/2018

The Plaintiff subsequently filed a notice of appeal dated 20 December 2018 against part of the High Court's judgment (particularly the part of the decision favouring Yapidmas).

An issue arises where Yapidmas is unable to comply with the delivery of the title deeds to the Lands within the stipulated time as per the High Court's judgement (sub-paragraph (ii) above), due to its failure to locate the same. Yapidmas' solicitors had written to the High Court requesting for further direction. On 8 March 2019, a meeting was held before the High Court judge whereby parties to the suit had agreed as follows:

- (i) Yapidmas is given six months extension from 8 March 2019 to locate the 40 title deeds to the Lands;
- (ii) Yapidmas shall through its solicitors, managers, officers and/or appointed representatives conduct a meeting with the 2nd and 3rd Defendants to sort out the issue regarding the 40 title deeds to the Lands; and
- (iii) Yapidmas shall on 10 June 2019 update all parties to the suit of the development on this matter.

The Plaintiff had been adjudged a bankrupt on 7 October 2019 by the 2nd and 3rd Defendants. The 2nd and 3rd Defendants had applied to the Court of Appeal for a security for costs against the Plaintiff in view of the Plaintiff's current bankruptcy status.

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On 28 August 2020, during the hearing of notice of motion for security for costs by 2nd and 3rd Defendants, it was decided that the Plaintiff needed to pay RM30,000.00 for security for costs to the Court of Appeal before 30 September 2020, failing which the Plaintiff's appeal against all the Defendants shall be dismissed. Further, the Court of Appeal awarded RM3,000.00 as costs to be paid by the Plaintiff to the 2nd and 3rd Defendant only. The Plaintiff had paid the RM30,000.00 being the security for cost within the time stipulated by the Court of Appeal.

The Court of Appeal fixed the case management by way of *e-review* on 30 November 2020. The hearing at the Court of Appeal has been fixed on 23 February 2021.

- (v) **Sandakan High Court Suit No.: SDK-22NCVC-16/5-2017 between Asmarin Bin Abdul Rahim (suing as administrator of the estate of Bahallia Bt Mohidin @ Bahallia Bte Muhiddin @ Baharia Bte Muhiting, deceased and on behalf of himself & all other beneficiaries of the estate of the deceased) v Tanah Emas Construction Sdn Bhd., Ladang Kluang Sdn. Bhd., The Registrar of Land Titles Land and Surveys Department Sabah and Pontian United Plantation Berhad.**

Name of Parties

Plaintiff: Asmarin Bin Abdul Rahim (suing as administrator of the estate of Bahallia Bt Mohidin @ Bahallia Bte Muhiddin @ Baharia Bte Muhiting, deceased and on behalf of himself & all other beneficiaries of the estate of the deceased)

Defendants:

- (i) Tanah Emas Construction Sdn Bhd.
- (ii) Ladang Kluang Sdn. Bhd.
- (iii) The Registrar of Land Titles Land and Surveys
- (iv) Department Sabah
- (v) Pontian United Plantation Berhad

Background/ Nature of Claim & Status

By a writ of summons and statement of claim dated 11 May 2017, the Plaintiff had, on 5 June 2017, commenced the above legal proceedings against the Defendants. The Plaintiff is seeking for, among others, a declaration that the issue title deeds of the land held under Country Lease No. 085321080 measuring 5.749 hectares (14.20 acres) more or less situated at a place known as Bidu Bidu, District of Labuk/Sugut ("**Bidu Bidu Land**") owned by the Defendants pursuant to a sale and purchase agreement dated 3 August 1989, power of attorney dated 3 August 1989 and memorandum of transfer dated 27 January 1994 are null and void and an interim injunction to refrain the Defendants from dealing with the Bidu Bidu Land.

On 7 July 2017, the Defendants filed a statement of defence and affidavit in opposition towards the Plaintiff's application for interim injunction on 24 July 2017.

The Plaintiff had filed amended writ and statement of claim re-dated on 28 July 2017.

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On 31 October 2017, the High Court dismissed the Plaintiff's application for interim injunction and awarded cost of RM5,000.00 to the Defendants. As at LPD, the Plaintiff has not paid the cost to the Defendants.

On 18 December 2018, the Defendants filed an application for striking out the Plaintiff's amended writ and statement of claim ("**Striking Out Application**") and the High Court had fixed 14 January 2019 to hear the Striking Out Application. On 26 June 2019, Defendants' Striking Out Application was dismissed by the Court with costs of RM8,000.00 on the ground that the issues raised in the case could not be disposed by way of interlocutory application. The cost has yet to be paid by the Defendants to the Plaintiff.

On 20 May 2020, the High Court made ruling in favour of the Plaintiff with costs of RM80,000.00. The High Court also ordered the Defendants to surrender and deliver the title of the Bidu Bidu Land to the Plaintiff or his solicitors, Messrs Marinking & Co., within fourteen (14) days from the date of the judgment free from any encumbrances thereon and to pay the Plaintiff a nominal damages of RM10.00 only per day from 5 May 1994 to the date of judgment for the total sum of RM95,130.00 with statutory interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1956 and statutory interest at the rate of 5% on the said damages from date of judgement until the judgement is fully satisfied pursuant to Order 42 Rule 12 of the Rules of Court 2012.

The title of the Bidu Bidu Land was reverted to the Plaintiff's solicitors on 5 June 2020.

On 7 August 2020, the Defendants' solicitors disbursed RM303,194.62 to the Plaintiff's solicitors, being the judgment sum of the case.

Court of Appeal, Civil Appeal No. S-01(IM)(NCvC)-363-07/2019

The Defendants has filed an appeal against the decision of the High Court in dismissing the Striking Out Application.

Despite the appeal filed in July 2019, the trial proceeded at High Court in January 2020 and the High Court has decided as above.

Defendants' solicitor has been instructed to withdraw the appeal and is in the midst of filing the notice of discontinuance as at the LPD.

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- (vi) Sandakan High Court Suit No. SDK-22NCVC-9/5-2016 between 1. Abdul Malik Bin Said Omar (suing as the Administrator of the Estates of the late:- Norhuda Bt S Said, Katijah Bt S Abd, Maimunah Bt S Abd, Nor Bt S Abd, Sefiah Bt S Said, S Ab Wahid Abd and Ab Salam Bin S Omar), 2. Fathiyah Binti S Abdul Salam & 3. Abdul Malik Bin Said Omar v Sri Kehuma Sdn. Bhd.

Name of Parties

Plaintiffs:

- (i) Abdul Malik Bin Said Omar (suing as the Administrator of the Estates of the late:- Norhuda Bt S Said, Katijah Bt S Abd, Maimunah Bt S Abd, Nor Bt S Abd, Sefiah Bt S Said, S Ab Wahid Abd & Ab Salam Bin S Omar) ("**1st Plaintiff**")
- (ii) Fathiyah Binti S Abdul Salam ("**2nd Plaintiff**")
- (iii) Abdul Malik Bin Said Omar ("**3rd Plaintiff**")

Defendant: Sri Kehuma Sdn. Bhd.

Background/ Nature of Claim & Status

By a writ of summons dated 12 May 2016, the Plaintiffs commenced the above legal proceeding against the Defendant for the recovery of land held under title CL 085310443.

The Plaintiffs alleged that the transfer of the said land to the Defendant was done through fraud and forgery, which was completed prior to the acquisition of the Defendant by Pontian United Plantations Berhad.

On 20 July 2018, the Sandakan High Court allowed the Defendant's application to strike out the Plaintiffs' statement of claim, with cost of RM3,000.00 to be paid to the Defendant. The Plaintiffs vide a notice of appeal dated 14 August 2018 filed an appeal to the Court of Appeal on the whole decision given by the Sandakan High Court on 20 July 2018.

Court of Appeal, Civil Appeal No. S-02(IM)(NCVC)-1747-08/2018

On 24 July 2019, the Court of Appeal decided that 1st and 3rd Plaintiffs' cause of action has been caught by Sabah Limitation Ordinance ("**SLO**"). It was further held that the 1st Plaintiff does not have locus standi to represent the 7 deceased persons. Hence, the 1st and 3rd Plaintiffs' appeal was dismissed with no order to cost.

However the Court of Appeal found that the 2nd Plaintiff's action would be sustained as it is not statute barred by the SLO on the basis that 2nd Plaintiff has no knowledge of the police report lodged by 3rd Plaintiff. Hence, the Court of Appeal had allowed 2nd Plaintiff's appeal and the matter to be returned to High Court for full trial.

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Federal Court, Application No. 08(i)-336-08/2019(S)

On 21 August 2019, the Defendant's solicitors has filed the notice of motion to Federal Court to request for leave to appeal against the decision of the Court of Appeal in respect of the 2nd Plaintiff.

The hearing of the notice of motion for leave to appeal to the Federal Court was fixed for 29 September 2020.

On 29 September 2020, the Federal Court had refused to grant leave to the Defendant and instructed for the matter to be returned to the High Court. Currently, the Defendant is waiting for the High Court to fix the trial date.

There is no pre-trial case management and/or trial date fixed by the High Court as at the LPD.

(vii) Arbitration at Asian International Arbitration Centre (AIAC) Case No. AIAC/D/ADM-662/2019 between Multazam Development Sdn. Bhd. v FGV Plantations (Malaysia) Sdn. Bhd.

Name of Parties

Claimant: Multazam Development Sdn. Bhd.

Respondent: FGV Plantations (Malaysia) Sdn. Bhd.

Background/ Nature of Claim & Status

The Claimant served on the Respondent notice of arbitration on 8 January 2019 and the statement of claim dated 16 April 2019 under the rules of the Asian International Arbitration Centre ("AIAC").

The Claimant claimed for work done and damages for wrongful termination in respect of a project known as "Design & Build and Development of Estate Workers' Housing Comprising of Workers' Hostel and 6 Doors Single Storey Terrace and Other Ancillary Works in Peninsular Malaysia & Sarawak" in which Respondent was the employer and Claimant, the design and build contractor.

Meanwhile, Respondent counterclaimed for the following:-

- (i) Deduction for liquidated and ascertained damages ("LAP") for RM470,250.00;
- (ii) Additional costs in engaging other contractors to complete the works, and/or in the alternative, damages to be assessed;
- (iii) Additional fees paid to the project director to carry out the re-tendering exercise in the sum of RM1,054,862.19;
- (iv) Additional costs to employ new workers as a result of absconding workers due to shortage of accommodation, in the sum of RM4,759,555.70
- (v) Loss of profit due to decrease in the number of workers in the sum of RM21,224,862.00.

INFORMATION ON FGV

The hearing dates have been fixed, as follows:

- (i) 15 to 17 June 2021 (examination of factual witnesses)
- (ii) 22 to 24 June 2021 (examination of factual witnesses)
- (iii) 13 to 16 July 2021 (examination of expert witnesses)

Respondent has applied for security for costs and the hearing was set on 7 January 2021. On 7 January 2021, the arbitrator gave the following directions:

- (i) parties are to provide a non-binding estimate on the total arbitration costs which include for example, legal fees, fees for experts, arbitration and AIAC administration fees on 11 January 2021. FGV Plantations (Malaysia) Sdn. Bhd. had duly provided such estimate on 11 January 2021;
- (ii) the examination of witnesses as stated above will continue to run until a decision is made by the arbitrator pertaining to the security for costs application.

(viii) Dubai Court of First Instance: Commercial Execution No. 3066/2020 between Delima Oil Products Sdn. Bhd. v Safitex General Trading (LLC)

Name of Parties

Plaintiff: Delima Oil Products Sdn. Bhd.

Defendant: Safitex General Trading (“LLC”)

Background/ Nature of Claim & Status

By a statement of claim filed at the Dubai court of first instance (“**Dubai Court**”), the Plaintiff had commenced the above legal proceedings on 27 March 2018 against the Defendant. The Plaintiff is seeking for, among others, the payment of USD11,699,882.59 from the Defendant together with interest at the rate of 12% annually from 27 March 2018 until payment is made in full, as well as charges, expenses and costs incurred by the Plaintiff in respect of this suit.

The Plaintiff’s claim arises from the Defendant’s failure to complete its contractual obligations in the payment of USD11,699,882.59 for refined crude palm oil and margarine that were purchased by the Defendant from the Plaintiff.

On 21 March 2019, the Dubai Court delivered its judgement in favour of Plaintiff and ordered Defendant to pay Plaintiff the sum of USD11,699,882.59 with 9% annual interest from the date of judgment until the full settlement of the judgment debt

INFORMATION ON FGV

Following the failure of Defendant to satisfy the judgment debt, a deed of execution has been filed with and endorsed by Dubai Court to declare the judgment dated 21 March 2019 is enforceable against Defendant. Upon the service of the said deed on Defendant, the Dubai Court commenced its official investigations on the available assets and funds of Defendant which may be applied to satisfy the judgment debt.

The Court addressed the governmental entities (i.e. Department of Economic Development, General Directorate of Residency and Foreigners Affairs, FreeZone departments) to find the whereabouts of Defendant in order to attempt to notify them to pay the adjudged amounts.

The Court could not notify Defendant due to its unclear address. Further, the Court received a response from Dubai Economic Department stated that the Defendant's trade license had expired on November 2019. The solicitors in UAE had published the notification in the newspaper, then, waited for 15 days (as prescribed by UAE law) in order to continue with the execution procedures.

Upon the lapse of the 15 days, the solicitors in UAE submitted requests to the Court to address the UAE governmental entities including but not limited Central Bank, Roads and Transport Authority, Real Estate Regulatory Agency and Dubai Financial Market) in order to attempt to locate any funds or assets related to the Defendant and seize the same. The Court accepted the said requests and issued letters to the said authorities.

As at the LPD, no fund or asset of the Defendant has been successfully located.

(ix) **Arbitration Proceeding by FGV Trading Sdn. Bhd. against Twin Wealth Macao Commercial Offshore Limited**

Name of Parties

Claimant: FGV Trading Sdn. Bhd.

Respondent: Twin Wealth Macao Commercial Offshore Limited

Background/ Nature of Claim & Status

On 18 September 2018, Claimant commenced arbitration proceeding under the auspices of the Palm Oil Refiners Association of Malaysia ("**PORAM**") against Respondent. Respondent had failed to pay the balance of purchase price to Claimant pursuant to various sale contracts entered into between the parties in November and December 2017 for the sale of 21,765 MT of Refined, Bleached & Deodorised Palm Oil in Bulk ("**Cargo**") by Claimant to Respondent for the total purchase price of USD14,617,728.53.

INFORMATION ON FGV

In this regard, pursuant to their 'Free on Board' obligations under the sale contracts, the Cargo was shipped by the Claimant in November and December 2017 respectively on board the ships/vessels MT "Yue You 901" and MT "Global Uranus". However, the Respondent had only made part payment for approximately 2,000 MT of the Cargo in the sum of USD1,365,069.62. The balance of the purchase price, i.e. the sum of USD13,252,658.91 ("**Debt**") remains due and outstanding in favour of Claimant by the Respondent.

The Claimant filed its statement of claim with PORAM, whereby the Claimant claimed against the Respondent the full amount of Debt and interest at the rate of 1.5% per month on the Debt from the date the payment was due to the date of final and full realization thereof, costs and any other/further reliefs which the tribunal deems fit and reasonable.

On 23 July 2019, the tribunal at PORAM awarded its decision in the Claimant's favor.

The Claimant postpones the enforcement of the PORAM award to a later date before the expiration of the limitation period of 15 years and to revisit the enforcement of the PORAM award by the end of July 2021. The reasons for such postponement were, among others, lack of financial information and solvency status of the Respondent.

(x) **Arbitration proceedings brought by FGV Trading Sdn. Bhd. against GMS Line Co. Ltd. and Zhu Cheng Shipping Co. Ltd**

Name of Parties Claimant: FGV Trading Sdn. Bhd.

Respondents:

(i) GMS Line Co. Ltd ("**1st Respondent**")

(ii) Zhu Cheng Shipping Co. Ltd ("**2nd Respondent**")

Background/ Nature of Claim & Status

On 7 November 2018, the Claimant commenced arbitration proceedings in Singapore against 1st Respondent, the charterer of the ship/vessel MT "Global Uranus" (IMO No.: 9426611) ("**Vessel 1**") addressed in Tokyo, Japan ("**Singapore Arbitration**").

Simultaneously on 7 November 2018, the Claimant commenced arbitration proceedings in Hong Kong against 2nd Respondent, the owner of the ship/vessel MT "Yue You 901" (IMO No.: 9175072) ("**Vessel 2**") addressed in Hong Kong, China ("**HK Arbitration**").

INFORMATION ON FGV

Both the Singapore Arbitration and HK Arbitration were commenced in relation to the arbitration proceedings brought by the Claimant against Twin Wealth Macao Commercial Offshore Limited ("**PORAM Arbitration**") pursuant to various sale contracts entered into between the parties in November 2017, for the sale of 11,764.796 MT of Refined, Bleached & Deodorised Palm Oil ("**Cargo**") for the purchase price of USD7,822,272.35 ("**1st Sale Contracts**"), and the various sale contracts entered into between the parties in October 2017, for the sale of 10,000.67 MT of the Cargo for the purchase price of USD6,795,456.18 ("**2nd Sale Contracts**").

Pursuant to the 1st Sale Contracts and 2nd Sale Contracts, 11,764.796 MT of the Cargo were shipped by the Claimant in December 2017 at Tawau and Sahabat respectively on board Vessel 1 for delivery at Huangpu, China, and 10,000.67 MT of the Cargo were shipped by the Claimant in November 2017 at Kuantan, Pahang on board Vessel 2 for delivery at Rizhao, China respectively.

The Claimant's claim against 1st Respondent is for the misdelivery of 11,764.796 MT of the Cargo arising from the breach of 1st Respondent's obligation as the carrier under the contract of carriage and/or duty in bailment and/or negligence whereby 1st Respondent had discharged and delivered the said Cargo without the production of the original bills of lading.

The Claimant's claim against 2nd Respondent is for the misdelivery of 10,000.67 MT of the Cargo arising from the breach of 2nd Respondent's obligation as the carrier under the contract of carriage and/or duty in bailment and/or negligence whereby 2nd Respondent had discharged and delivered the said Cargo without the production of the original bills of lading.

In this regard, the Claimant claimed in the Singapore Arbitration the sum of USD7,822,272.35 reflecting the value of 11,764.796 MT of the Cargo arising from the breach of 1st Respondent's obligation, as well as interest at the rate of 1.5% per month on the sum of USD7,822,272.35 from the date the payment was due to the date of final and full realization thereof and costs. With regard to the HK Arbitration, the Claimant claimed the sum of USD5,430,386.56 reflecting the value of 8,000.568 MT of the Cargo (which remains unpaid) arising from the breach of 2nd Respondent's obligation, as well as interest at the rate of 1.5% per month on the sum of USD5,430,386.56 from the date the payment was due to the date of final and full realization thereof and costs.

Both the Singapore Arbitration and HK Arbitration were pursued as independent causes of action against 1st Respondent and 2nd Respondent simultaneously with the PORAM Arbitration.

INFORMATION ON FGV

On 18 June 2019, the Claimant and 1st Respondent had entered into the settlement agreement whereby 1st Respondent agreed to pay the sum of USD550,000 as full and final settlement. The Singapore Arbitration proceedings has been withdrawn and the settlement sum has been received by the Claimant.

On 2 July 2020, the tribunal in Hong Kong awarded in favour of the Claimant. On 24 July 2020, a reminder letter was sent by the Claimant's solicitors to the 2nd Respondent's solicitors to pay the award to the Claimant.

The Claimant's solicitors has been instructed to proceed with the appointment of Verity Consulting Limited as private investigator in Hong Kong to assess the information on the financial status, assets and properties owned by the 2nd Respondent.

Based on the report prepared by Verity Consulting Limited, it appears that the 2nd Respondent is a subsidiary of different companies. Its sole shareholder is Waibert Steamship Company Limited. It also seems like the only asset owned by the 2nd Respondent is the vessel "Sea Gull 9" (formerly known as Yue You 901). Verity Consulting Limited conducted a title search on the registered address of the 2nd Respondent but it appears that the property is owned by Chu Kong Shipping Company Limited, not the 2nd Respondent. The Claimant is awaiting the legal opinion of its solicitors in Hong Kong regarding the enforcement of the award from HK Arbitration based on the report prepared by Verity Consulting Limited.

(xi) **Kuala Lumpur High Court (Civil Suit No.: WA-27NCC-41-07/2016) between Jiang Xin Shipping Company LTD v FGV Trading Sdn. Bhd.**

Name of Parties Plaintiff: Jiang Xin Shipping Company LTD

Defendant: FGV Trading Sdn. Bhd.

Background/ Nature of Claim & Status By a writ of summons together with an application for an injunction dated 15 July 2016, the Plaintiff commenced the above legal proceedings on 18 July 2016 against the Defendant concerning the Plaintiff's demand for security under an alleged letter of indemnity issued by the Defendant as charterer pursuant to a charter party with the Plaintiff as ship owner for the delivery of 10,000 MT of refined, bleached and deodorized palm olein to Ruchi Soya Industries Limited of India at New Mangalore Port. The Plaintiff also alleged that due to the Defendant's breach, the Plaintiff suffered loss and damage by the arrest of the vessels "Yue You 902" and "GNC Concord 1" by OCBC Bank of Singapore ("**OCBC Singapore**"), who is the holder of the bills of lading.

The injunction application and the Defendant's stay application were heard by the Court on 28 July 2016.

Subsequent to the service of the writ, the Plaintiff served its statement of claim on the Defendant on 3 August 2016.

INFORMATION ON FGV

The High Court had, on 19 August 2016, disallowed the interim injunction applied by the Plaintiff and directed the matter to be fixed for early trial on 3 to 5 January 2017. The High Court also dismissed the Defendant's application for stay of proceedings.

On 20 October 2016, the Court fixed the matter for case management where the Plaintiff sought to file an application to amend its statement of claim. The Court allowed the Plaintiff's application to amend its statement of claim on 16 November 2016.

On 26 April 2017, the High Court allowed some of the Plaintiff's claim for indemnity for the claim by OCBC Singapore, among others. The Court also ordered the Defendant to substitute the security provided by the Plaintiff previously to the pledgee and Nova Carriers, the Charterers of the Yue You 902 at the time of arrest within 30 working days of the date of the order and awarded interest at the rate of 5% per annum from the date of the writ and ordered costs in the amount of RM100,000.00.

An appeal was filed by the Defendant to the Court of Appeal against the whole of the decision vide a notice of appeal dated 17 May 2017. An application to stay the execution and to any assessment under the judgment pending appeal was also filed on 22 May 2017. On 18 July 2017, upon the provision of a bank guarantee to the Plaintiff, a consent order was recorded that the execution of the High Court decision dated 17 May 2017 and the assessment of damages ordered therein be stayed.

This matter was fixed for hearing of the Defendant's appeal at the Court of Appeal on 11 April 2018. On 11 April 2018, upon hearing the oral submission by parties, the Court of Appeal found that the High Court Judge had not committed any appealable error that warranted an appellate intervention, and the appeal by the Defendant was dismissed with cost of RM10,000.00.

On 8 May 2018, the Defendant filed an application for leave to appeal to the Federal Court, and on 13 August 2018, the Federal Court dismissed the Defendant's appeal with costs.

On 16 January 2020, the Defendant's solicitor has received an email from the Plaintiff's solicitors, Messrs TS Oon & Partners claiming for a full indemnity of their legal costs amounting to USD 1,212,296-91 which comprises of:

- (i) Legal Fees of Wang Jing & Co (Chinese lawyers) who are said to have overall management of the claim: USD 419,297.81; and
- (ii) Legal fees for Malaysian & Singapore lawyers (TS Oon & Partners and Oon & Bazul): USD 792,999.10,

on the basis that this is provided for in Malaysian Court judgment dated 17 May 2017.

INFORMATION ON FGV

On 3 July 2020, TS Oon & Partners has issued another letter to the Defendant's solicitors, demanding a new sum of about USD4,969,601.90 for other claims and legal fees.

The Plaintiff through its solicitors TS Oon & Partners had filed an application dated 5 August 2020 for an order that it is at liberty to file a notice of application for directions for the assessment of damages ("**Leave Application**").

On 7 September 2020, the Defendant's solicitors filed an application to strike out part of the averments and exhibits in Plaintiff's affidavit in support of their leave application for assessment of damages ("**Defendant's Striking Out Application**").

The Defendant's Striking Out Application need be disposed of before the Leave Application. As such, the Court directed the Leave Application to be put on hold pending the disposal of the Defendant's Striking Out Application.

The decision of the Defendant's Striking Out Application which was fixed on 9 December 2020 was adjourned to 11 December 2020. On 11 December 2020, the High Court had dismissed Defendant's Striking Out Application with RM5,000 costs to the Plaintiff.

The hearing for the Leave Application has been fixed for 20 January 2021.

The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors.

12. MATERIAL CONTRACTS

Save as disclosed below, FGV Group has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) during the past two years before the commencement of the Offer Period and up to the LPD:

- (i) Equity transfer agreement dated 10 July 2019 between FGV and Grand Industrial Holding Co. Ltd ("**GIH**") for the disposal of 100% equity interest in FGV China Oil Ltd. by FGV to GIH for a cash consideration of RMB165,000,000.00, subject to the terms and conditions contained therein. This agreement was completed on 10 March 2020, in accordance with the terms and conditions therein.

FURTHER INFORMATION

1. CONSENTS

RHB Investment Bank and Maybank Investment Bank have given and have not subsequently withdrawn their written consent to the inclusion of their names and all references thereto in the form and context in which they appear in this IAC.

2. DISCLOSURE OF INTERESTS AND DEALINGS**2.1 By FGV****(i) Disclosure of interests in the Offeror**

FGV does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD.

(ii) Dealings in the securities of the Offeror

FGV has not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period beginning six months before the Offer Period and up to the LPD.

(iii) Disclosure of dealings in FGV Shares

Save as disclosed below, FGV has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period beginning six months before the Offer Period and up to the LPD:

Name	Date of transaction	Nature of transaction	No. of FGV Shares	Transacted price per FGV Share (RM)
CIMB Islamic Trustee Bhd ⁽¹⁾	30 July 2020	Transfer to FGV's employees pursuant to FGV LTIP	169,300	Not applicable as there was no consideration paid by the eligible employees

Note:

(1) Appointed by FGV as trustee of the trust established to facilitate the implementation of FGV LTIP via trust deed dated 28 April 2016.

2.2 By the Directors**(i) Disclosure of interests in the Offeror**

The Directors do not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD.

(ii) Dealings in the securities of the Offeror

The Directors have not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period beginning six months before the Offer Period and up to the LPD.

FURTHER INFORMATION

(iii) Disclosure of interests in FGV Shares

Save as disclosed below, the Directors do not have any interest, whether direct or indirect, in any voting shares or convertible securities of FGV as at the LPD:

			Direct		Indirect	
			No. of FGV Shares	%	No. of FGV Shares	%
Dr. Mohamed P. Alithambi	Nazeeb		7,000	*	-	-

Note:

* Negligible.

(iv) Disclosure of dealings in FGV Shares

Save as disclosed below, the Directors have not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period beginning six months before the Offer Period and up to the LPD:

Name	Date of transaction	Nature of transaction	No. of FGV Shares	% ⁽¹⁾	Transacted price per FGV Share (RM)	Total consideration (RM)
Datuk Wira Azhar Abdul Hamid	10 June 2020	Disposal	200,000	*	1.15	230,000
Datuk Wira Azhar Abdul Hamid	19 November 2020	Disposal	500,000	*	1.24	620,000

Notes:

* Negligible.

(1) Computed based on the issued share capital of FGV of 3,648,151,500 as at the LPD.

2.3 By the persons with whom FGV or any of the persons acting in concert with it has any arrangement over FGV Shares

As at the LPD, there is no person with whom FGV or any of the persons acting in concert with it has entered into any arrangement including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing.

FURTHER INFORMATION

2.4 By the persons with whom FGV or any of the persons acting in concert with it has borrowed or lent

As at the LPD, there is no person with whom FGV or any of the persons acting in concert with it has borrowed or lent any voting shares or convertible securities of FGV.

2.5 By RHB Investment Bank and funds whose investments are managed by RHB Investment Bank on a discretionary basis (“Discretionary Funds”)**(i) Disclosure of interests in FGV Shares**

Save for the call warrants over FGV Shares issued by the equity derivatives department of RHB Investment Bank (“**RHB EQD**”) of which RHB EQD has purchased FGV Shares amounting to RM290,420 as part of its hedging activities as at the LPD, RHB Investment Bank and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares or convertible securities of FGV as at the LPD.

The purchase of FGV Shares by RHB EQD was made before RHB Investment Bank’s appointment as the Independent Adviser to FGV on 30 December 2020. Further, pursuant to Paragraph 19.03 of the Rules, RHB Investment Bank as the Independent Adviser to FGV for the Offer shall not purchase FGV Shares, or deal in convertible securities, warrants, options or derivatives in respect of FGV Shares during the Offer Period.

(ii) Disclosure of dealings in FGV Shares

Save for the hedging activities by RHB EQD as disclosed below, RHB Investment Bank and its Discretionary Funds have not dealt, directly or indirectly, in FGV Shares during the period beginning six months before the Offer Period and up to the LPD:

Date of transactions	Nature of transaction	No. of FGV Shares	Transacted price per FGV Share (RM)
10 June 2020 – 31 December 2020	Acquire	5,728,800	1.01 – 1.34
	Disposal	5,819,700	1.00 – 1.33

3. ARRANGEMENT AFFECTING DIRECTORS

As at the LPD:

- (i) no payment or other benefit will be made or given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there is no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer;
- (iii) the Offeror has not entered into any material contract in which any Director has a material personal interest.

FURTHER INFORMATION

4. SERVICE CONTRACTS

As at the LPD, neither FGV nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within six months before the commencement of the Offer Period or which are fixed-term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAC.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of FGV at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur during normal business hours at 8.30 a.m. to 5.30 p.m. from Mondays to Fridays (excluding public holidays) from the date of this IAC up to and including the Closing Date:

- (i) the constitution of FGV;
- (ii) the audited consolidated financial statements of FGV for the FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 and unaudited consolidated financial statement of FGV for the 9-month FPE 30 September 2020;
- (iii) a copy of the Notice;
- (iv) a copy of the letter from the SC notifying it has no further comments on this IAC dated 20 January 2021; and
- (v) the cause papers in respect of the material litigation referred in Section 11 of Appendix I;
- (vi) the material contract as referred to in Section 12 of Appendix I; and
- (vii) the letters of consent referred to in Section 1 of this Appendix II.