

EXECUTION OF HEADS OF AGREEMENT BETWEEN FELDA GLOBAL VENTURES KALIMANTAN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF FELDA GLOBAL VENTURES HOLDINGS BERHAD, PT RAJAWALI CAPITAL INTERNATIONAL AND PT RAJAWALI CORPORA

FELDA GLOBAL VENTURES HOLDINGS BERHAD

Type	Reply to Query
Reply to Bursa Malaysia's Query Letter - Reference ID	IQL-15062015-00001
Subject	EXECUTION OF HEADS OF AGREEMENT BETWEEN FELDA GLOBAL VENTURES KALIMANTAN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF FELDA GLOBAL VENTURES HOLDINGS BERHAD, PT RAJAWALI CAPITAL INTERNATIONAL AND PT RAJAWALI CORPORA
Description	EXECUTION OF HEADS OF AGREEMENT BETWEEN FELDA GLOBAL VENTURES KALIMANTAN SDN BHD ("FGV KALIMANTAN"), A WHOLLY-OWNED SUBSIDIARY OF FGV, PT RAJAWALI CAPITAL INTERNATIONAL ("RAJAWALI CAPITAL") AND PT RAJAWALI CORPORA ("RAJAWALI CORPORA")
Query Letter Contents	<p>We refer to your Company's announcement dated 12 June 2015, in respect of the aforesaid matter.</p> <p>In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-</p> <ol style="list-style-type: none"> 1) basis of arriving at the purchase consideration and the justification thereof. The basis and justification for the exchange ratio of 0.0432494481. 2) the basis and justification of the quantum of Deposit (US\$174.5 million) and whether the Deposit is refundable or forfeitable in the event the Proposed Acquisitions do not materialise. 3) breakdown of the source of funding. 4) risks in relation to the transaction and the risk factors of the interests/companies being acquired. 5) details of the vendors in particular, the name of its directors and substantial shareholders together with their respective shareholdings. 6) details and particulars of the interests/companies being acquired and the real estate/plantation land held by the companies. The financial information of the companies. In respect of the real estate that is a plantaion or an estate, kindly provide information as stated in Item 2, Part C of Appendix 10A. 7) further details on the effects of the transaction on FGV's earnings, net assets and gearing. 8) timeframe/timeline for execution of the CSPAs and the implementation of the same. <p>Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.</p>

Yours faithfully,
KHOO KAY KWAN

Senior Vice President, Issuers
 Listing Division, Regulation
 KKK/PT/ne

Cc : Market Surveillance Dept. , Securities Commission (via fax)

(Capitalised terms used in this reply shall have the same meanings as those used in the announcement dated 12 June 2015, unless otherwise stated.)

Further to the reply on 16 June 2015 to the Bursa Malaysia Securities Berhad's queries dated 15 June 2015, Kenanga Investment Bank Berhad, on behalf of the Board of Directors of FGV, wishes to provide the following additional information in relation to:

Query 1

The Company having considered the palm oil plantation transactions since 2013, the current young crop profile (average mature age of eight (8) years) of Eagle High which will complement FGV's older crop profile averaging 15.5 years and the earnings generative potential of Eagle High, is of the view that the purchase consideration is justified.

Query 2

The quantum of the deposit was a commercial requirement from the Vendors to demonstrate a high level of commitment from FGV. In considering this requirement, the Board of FGV have taken into consideration of the following:

- the acquisition is for an equity stake amounting to the single largest equity holding in Eagle High;
- the Vendors will enter into exclusive negotiations with FGV for a period until the later of: (a) 31 July 2015; and (b) the date on which Bursa Securities approves the shareholder circular in relation to the transaction contemplated in the HOA; and
- the Deposit, together with all accrued interests, is fully refundable should the transaction not proceed for whatsoever reason.

Query 7

In the event that the CSPAs are executed, the proforma financial effects of the Proposed Acquisitions (excluding other corporate exercises announced by FGV in 2015) are as follow:

(a) Issued and paid-up share capital

The proforma effects of the Proposed Acquisitions on the issued and paid-up share capital of FGV are as set out below:

No. of FGV shares ('000)	RM'000	%
-----------------------------	--------	---

As at 31 December 2014	3,648,152	3,648,152	97.45
FGV ordinary shares to be issued pursuant to the Proposed Acquisitions	95,442	95,442	2.55
Enlarged share capital of FGV	3,743,594	3,743,594	100.00

(b) Net assets and gearing

The effects of the Proposed Acquisitions on the net assets of FGV Group could not be ascertained at this juncture and shall be provided upon the announcement of the signing of the Definitive Agreements. Notwithstanding that the Company has yet to determine the exact mix of internal resources and external financing, strictly for illustrative purposes only, the gearing of FGV Group computed based on the audited consolidated financial statements of FGV Group as at 31 December 2014, and assuming that balance of the purchase consideration (excluding Deposit) is fully financed via borrowings would increase from 0.7 times to 1.1 times (without including Land Lease Agreement (“LLA”)) and from 1.5 times to 1.8 times (with LLA).

(c) Earnings and earnings per share

The Proposed Acquisitions are not expected to have any material effect on the earnings of the FGV Group for the financial year ending 31 December 2015 in view that the Proposed Acquisitions are expected to be completed in the fourth quarter of 2015. However, the Proposed Acquisitions are expected to contribute positively to the FGV Group’s future earnings and earnings per share when the Proposed Acquisitions are completed.

Further details on the effects of the Proposed Acquisitions on FGV’s financial shall be provided upon the announcement of the signing of the Definitive Agreements.

Query 8

Barring any unforeseen circumstances, the execution of the CSPAs and the implementation of the Proposed Acquisitions are expected to be completed by the fourth quarter of 2015. The indicative timeline for the completion of the Proposed Acquisitions are set out as follows:

Indicative timing	Events
End July 2015	Completion of due diligence of the Companies
Mid August 2015	<ul style="list-style-type: none"> • Execution of CSPAs • Announcement of the Definitive Agreements • Submission of valuation report to Bursa Securities
Mid September 2015	<ul style="list-style-type: none"> • Submission of circular and additional listing application to Bursa Securities
End October 2015	<ul style="list-style-type: none"> • EGM for shareholders’ approval

Announcement Info

Company Name	FELDA GLOBAL VENTURES HOLDINGS BERHAD
Stock Name	FGV
Date Announced	17 Jun 2015
Category	General Announcement for PLC
Reference Number	GA1-17062015-00007