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THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE INFORMATION MEMORANDUM SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY AS SET OUT IN THE INFORMATION MEMORANDUM.

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This Information Memorandum is not an offer to sell securities and is not soliciting an offer to buy securities described herein in any jurisdiction where the offer for sale is not permitted



**PERBADANAN KEMAJUAN PERTANIAN
NEGERI PAHANG**

INFORMATION MEMORANDUM

**PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES
PURSUANT TO AN ISLAMIC MEDIUM TERM NOTE PROGRAMME
OF UP TO RM650.0 MILLION IN NOMINAL VALUE
BASED ON THE SHARIAH PRINCIPLE OF WAKALAH BI AL-ISTITHMAR**

Principal Adviser, Lead Arranger and Lead Manager



MAYBANK INVESTMENT BANK BERHAD
(Company Registration No. 197301002412 (15938-H))

This Information Memorandum is dated 10 August 2020

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Section i
Important Notice

RESPONSIBILITY STATEMENT

This Information Memorandum in respect of the proposed issuance by **PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG** (the “**Issuer**”) of Islamic medium term notes (“**Sukuk Wakalah**”) pursuant to an Islamic medium term note programme of up to RM650.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (“**Sukuk Wakalah Programme**”) has been approved by the members of the Issuer (“**Board**”) by way of a duly convened meeting of the Board pursuant to Section 7 of the Perbadanan Kemajuan Pertanian Negeri Pahang Enactment 2016 and they collectively and individually accept full responsibility for the accuracy of the information contained in this Information Memorandum. The Board, after having made all reasonable enquiries and to the best of their knowledge, information and belief, confirms that all information contained in this Information Memorandum is true and correct in all material respects. The Board further confirms that there is no omission of a material fact, necessary to make the information contained in this Information Memorandum, in light of the circumstances under which it is provided, false or misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Board to ascertain that all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Board accepts full responsibility for such information contained in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

This Information Memorandum is provided to prospective investors by the Issuer on a private and confidential basis for use solely for the purposes of information only in connection with the issue, offer, sale or invitation to subscribe or purchase the Sukuk Wakalah under the Sukuk Wakalah Programme. This Information Memorandum is not an offer, sale or invitation to subscribe or purchase the Sukuk Wakalah under the Sukuk Wakalah Programme and shall not be construed as an offer by any recipient of this Information Memorandum. The Sukuk Wakalah may be issued on either rated, unrated or a combination of both rated and unrated as the Issuer may decide prior to issuance. As at the date of the Information Memorandum, the Sukuk Wakalah Programme has been accorded with a preliminary long-term rating of AA3(s) by RAM Rating Services Berhad (“**RAM**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by RAM.

The Issuer has authorised Maybank Investment Bank Berhad (Company No. 197301002412) as the principal adviser, lead arranger and lead manager (“**PA / LA / LM**”) to distribute this Information Memorandum, which is now being provided by the PA / LA / LM on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe or purchase the Sukuk Wakalah. For the avoidance of doubt, the definition of LM in this Information Memorandum shall also include any additional financial institution to be appointed as the joint lead manager for the issuance of Sukuk Wakalah under the Sukuk Wakalah Programme, if applicable. The Sukuk Wakalah shall not be issued, offered, sold, transferred or otherwise disposed, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)), Part 1 of Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(1)) read together with

Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act 2007 (“**CMSA**”) (as may be amended from time to time) if they consider purchasing the Sukuk Wakalah at issuance and Part 1 of Schedule 6 (or Section 229(1)(b)) and Schedule 8 (or Section 257(1)) read together with Schedule 9 (or Section 257(3)) of the CMSA if they consider purchasing the Sukuk Wakalah after issuance.

This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior written consent of the PA / LA / LM unless as may be required under Malaysian laws, regulations and/or guidelines.

The PA / LA / LM has not verified the information contained herein. The PA / LA / LM does not accept any responsibility for the information and data contained in this Information Memorandum and no responsibility or liability is accepted by the PA / LA / LM as to the adequacy, legality, effectiveness, validity, genuineness, enforceability, admissibility, reasonableness, authenticity, origin, validity, accuracy or completeness of such information and data or for any other information, data or statement provided by the Issuer or made or purported to be made by the PA / LA / LM or on its behalf in connection with the Issuer, its future performance, or the issue and offering or distribution of the Sukuk Wakalah. The PA / LA / LM accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement. No statement, representation, warranty or undertaking, express or implied, is made, given or assumed by the PA / LA / LM as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum.

No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the PA / LA / LM or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase of the Sukuk Wakalah or any other securities of any kind by any party in any Foreign Jurisdiction.

No Sukuk Wakalah may be offered or sold, directly or indirectly, and this Information Memorandum nor any part of it may be distributed or published in any Foreign Jurisdiction. Accordingly, the distribution or possession of this Information Memorandum in or from any Foreign Jurisdiction is prohibited. Each recipient is required to seek appropriate professional advice regarding, and to observe, such prohibition. Neither the Issuer nor the PA / LA / LM accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

This Information Memorandum is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or of any Foreign Jurisdiction as a prospectus. Unless

otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. No action has been or will be taken in any country or jurisdiction by the Issuer or the PA / LA / LM that would permit an issue or offering or an invitation to subscribe for or purchase the Sukuk Wakalah, **or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.** Persons into whose hands this Information Memorandum comes are required by the Issuer and the PA / LA / LM to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Sukuk Wakalah or have in their possession or distribute such offering material, in all cases at their own expense.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the PA / LA / LM accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

None of the Issuer and the PA / LA / LM represents that the Sukuk Wakalah may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

- (i) it will keep confidential all of such information and data and will not reproduce it howsoever and whatsoever manner, without the consent of the Issuer and the PA / LA / LM;
- (ii) it is lawful for the recipient to subscribe for or purchase the Sukuk Wakalah in all jurisdictions to which the recipient is subject;
- (iii) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Wakalah;
- (iv) the Issuer and the PA / LA / LM and their respective members or directors, as the case may be, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Wakalah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Wakalah is or shall become unlawful, unenforceable, voidable or void;
- (v) it is aware that the Sukuk Wakalah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws;
- (vi) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Wakalah, and is

able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Wakalah;

- (vii) it is subscribing or accepting the Sukuk Wakalah for its own account; and
- (viii) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Wakalah would constitute a person falling within any one or more of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)), Part 1 of Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(1)) read together with Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time if they consider purchasing the Sukuk Wakalah at issuance and Part 1 of Schedule 6 (or Section 229(1)(b)) and Schedule 8 (or Section 257(1)) read together with Schedule 9 (or Section 257(3)) of the CMSA if they consider purchasing the Sukuk Wakalah after issuance.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, the Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Wakalah in relation to any recipient who does not fall within item (viii) above.

Neither this Information Memorandum nor any other information supplied in connection with the Sukuk Wakalah is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer and/or the PA / LA / LM that any recipient of this Information Memorandum should purchase any of the Sukuk Wakalah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive.

Each recipient contemplating purchasing the Sukuk Wakalah should perform and is deemed to have made its own independent investigation and analysis of the financial condition, status and affairs, and its own appraisal of the creditworthiness and nature, of the Issuer and of its subsidiaries and associated companies, the terms of the offering of the Sukuk Wakalah, including the merits and risks involved, and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Wakalah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Wakalah Programme is correct as of any time subsequent to the date indicated in the document containing the same. Neither the PA / LA / LM nor any other advisers for the issue of Sukuk Wakalah undertake to review the financial condition or affairs of the Issuer or any subsidiaries of the Issuer and its subsidiaries or to advise any investor in any Sukuk Wakalah of any information coming to their respective attention.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses in which Issuer and its subsidiaries operates and certain other matters. Such information, estimates, or reports have been included

solely for illustrative purposes only. No representation or warranty is made as to the accuracy or completeness of any information, estimate and/or reports thereon derived from such sources or from other third party sources.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “*INVESTMENT CONSIDERATIONS*” IN SECTION 5.0 HEREOF.

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties. While the Issuer believes that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The Issuer is not under any obligation to update or revise such forward-looking statements to reflect any change in expectations or circumstances. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

The transaction structure relating to the Sukuk Wakalah Programme has been approved by Maybank Islamic Berhad (“**Shariah Adviser**”). However, the approval is only an expression of the view of the Shariah Adviser based on their extensive experience in the subject and the Investors are reminded that, as with any Shariah views, differences in opinion are possible. There can be no assurance as to the Shariah permissibility of the structure of the Sukuk Wakalah and the trading of the Sukuk Wakalah and neither the Issuer, the PA / LA / LM nor any other person makes any representation of the same. Prospective investors should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk Wakalah and should consult their own Shariah advisers as to whether the proposed transaction described in the approval referred to above and the trading of the Sukuk Wakalah are in compliance with Shariah.

ACKNOWLEDGMENT

The Issuer hereby acknowledges that it has authorised the PA / LA / LM to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Sukuk Wakalah to the prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER BY THE SECURITIES COMMISSION MALAYSIA

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (“**SC**”), which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Wakalah in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the lodgement of the required information and relevant documents in relation to the Sukuk Wakalah Programme with the SC.

All required information and relevant documents relating to the Sukuk Wakalah Programme have been lodged with the SC on 29 July 2020 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015, effective on 15 June 2015 and revised on 28 April 2020, as amended from time to time (“**LOLA Guidelines**”). Under the CMSA, the establishment of the Sukuk Wakalah Programme will not require the SC’s approval, authorisation or recognition under Section 212 of the CMSA, provided that the making available of, offering for subscription or purchase of, or issuance of an invitation to subscribe for or purchase the Sukuk Wakalah complies with the LOLA Guidelines as may be specified by the SC. Please note that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Wakalah under the Sukuk Wakalah Programme.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH ISSUE OF THE SUKUK WAKALAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENT. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK WAKALAH.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is provided to prospective investors solely with reference to their own evaluation of the Sukuk Wakalah.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available whether at law or equity, including without limitation, injunctions. The Issuer are entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard on a full indemnity basis. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons concerned with the Sukuk Wakalah.

The PA / LA / LM may at any time request any recipient to return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith and where such a request is being made, the recipient must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to the PA / LA / LM as soon as reasonably practicable after the said request from the PA / LA / LM.

DOCUMENTS INCORPORATED BY REFERENCE

All supplements or amendments to this Information Memorandum which are circulated by the Issuer from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Information Memorandum.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the audited financial statements of the Issuer; and
- (b) all supplements or amendments to this Information Memorandum deposited with the SC by the Issuer, if any,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

If the terms of the Sukuk Wakalah Programme are modified or amended in a manner, which would make this Information Memorandum, as so modified or amended, inaccurate or misleading, a supplemental Information Memorandum will be prepared.

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Information Memorandum which contain words or phrases such as “will”, “would”, “aimed”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to implement its dividend policy, its ability to roll over its short-term funding sources, its exposure to market risks and the market acceptance of and demand for plantation industry.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Information Memorandum include, but are not limited to, general economic and political conditions in Malaysia and the other countries which have an impact on the Issuer’s business activities or investments, political or financial instability in Malaysia or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by any country, inflation, deflation, unanticipated turbulence in interest rates, changes in foreign exchange rate, equity prices, commodity prices or other rates or prices, the performance of the financial markets in Malaysia and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environment in Malaysia and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under “*Investment Considerations*” contained in this Information Memorandum. As such, no assurances can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

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Section ii
Definitions & Abbreviations

Board	members of PKPP pursuant to Section 4 of the Enactment;
BNM	Bank Negara Malaysia;
Bursa Securities	Bursa Malaysia Securities Berhad;
CMSA	Capital Markets and Services Act, 2007, as amended from time to time;
Commodities	Shariah-compliant commodities;
CPKO	crude palm kernel oil;
CPO	crude palm oil;
Enactment	Enactment Pahang No. 14/2016 replacing the earlier Emergency Enactment Pahang No. 2/1969 passed by the Pahang State Legislative Assembly on 1 April 1971 under Enactment Pahang No. 7/1971 (revised 2002)
Facility Agent	Maybank IB as the facility agent for the Sukuk Wakalah Programme;
FFB	fresh fruit bunches;
FSRA	finance service reserve account required to be maintained by the Issuer in relation to the Sukuk Wakalah Programme as more particularly detailed in the PTC;
FYE	financial year ended 31 December;
GOM	Government of Malaysia;
ha	hectares
Information Memorandum	this information memorandum dated 10 August 2020 in respect of the Sukuk Wakalah Programme;
Investor(s)	the investors who fall within the category of persons under Schedule 6 or Section 229(1)(b); or Schedule 7 or Section 230(1)(b); or Schedule 8 or Section 257(1), read together with Schedule 9 or Section 257(3) of the CMSA;

LCSB	LKPP Corporation Sdn Bhd being the material subsidiary of PKPP as at 30 June 2020;
LKPP	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang;
LOLA Guidelines	SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework effective on 9 March 2015 and revised on 26 November 2019, as amended from time to time;
Material Subsidiary	the subsidiary companies (both present and future) of the Issuer which contribute materially to the consolidated profit of PKPP Group which shall mean the subsidiary companies of the Issuer which contribute more than five per cent (5%) to the Issuer's consolidated profit after tax and zakat based on the latest available annual audited consolidated financial statements of the Issuer at the relevant time;
MSPO	Malaysian Sustainable Palm Oil Scheme;
MOF	Ministry of Finance;
OER	oil extraction rate;
Pahang State	the state government of Pahang;
Parity Obligations	any instrument or security issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with the Issuer's unsecured obligations;
PA / LA / LM	Maybank Investment Bank Berhad (" Maybank IB ") as the principal adviser, lead arranger and lead manager for the Sukuk Wakalah Programme. For the avoidance of doubt, the definition of LM shall also include any additional financial institution to be appointed as the joint lead manager for the issuance of Sukuk Wakalah under the Sukuk Wakalah Programme, if applicable;
PK	palm kernel;
PKC	palm kernel cake;
PKO	palm kernel oil;
PKPP / Issuer	Perbadanan Kemajuan Pertanian Negeri Pahang, a statutory body established pursuant to the Enactment;
PKPP Group	the Issuer and its subsidiaries;

PTC	the principal terms and conditions of the Sukuk Wakalah Programme as per Section 2.0 of this Information Memorandum;
Rating Agency	RAM Rating Services Berhad;
RBD	refined bleached deodorized;
Reporting Accountant	Messrs Jamal, Amin & Partners;
RM and sen	Ringgit Malaysia and sen respectively;
SC	Securities Commission Malaysia;
Shariah Adviser	Maybank Islamic Berhad (Company No. 200701029411);
Solicitors	(i) Solicitors to the PA / LA: Kadir Andri & Partners; (ii) Solicitors to the Issuer: Abdul Raman Saad & Associates;
Sukukholders	investors of the Sukuk Wakalah;
Sukuk Wakalah	Islamic medium term notes to be issued pursuant to the Sukuk Wakalah Programme;
Sukuk Wakalah Programme	the Sukuk Wakalah programme of up to RM650.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar established by the Issuer;
Sukuk Trustee / Security Trustee	Pacific Trustees Berhad (Company Registration No. 199401031319 (317001-A));
Transaction Documents	such agreements, instruments and documents as may be necessary in relation to the establishment of the Sukuk Wakalah Programme and the issue of the Sukuk Wakalah which include, amongst others, the Trust Deed, Programme Agreement, Securities Lodgement Form, Subscription Agreement and Islamic documents for Sukuk Wakalah;
Trust Deed	the trust deed in relation to the Sukuk Wakalah Programme;

Section 1.0

EXECUTIVE SUMMARY

This summary below aims to provide an overview of the information contained in this Information Memorandum and must be read in conjunction with the detailed information and statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices. Kindly refer to the PTC as set out in Section 2.0 herein for any terms which are not defined in this section.

1.1 INTRODUCTION

The Issuer proposes to issue Sukuk Wakalah of up to RM650.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar under the Sukuk Wakalah Programme.

1.2 INTRODUCTION OF THE ISSUER

PKPP was established as a statutory body, under the name of Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang (“**LKPP**”) on 15 November 1969 pursuant to the Emergency Enactment Pahang No 2/1969 passed by the Pahang State Legislative Assembly on 1 April 1971 under Enactment Pahang No. 7/1971 (revised 2002). The enactment was thereafter replaced by the current Enactment Pahang No 14/2016 (“**Enactment**”) after which LKPP adopt its current name as Perbadanan Kemajuan Pertanian Negeri Pahang.

PKPP’s main objective is to ensure the development of the State of Pahang’s agricultural sector. The Issuer’s principal business activities are agriculture (mainly in palm oil plantation), investment holding and real estate development. The subsidiaries of the Issuer are primarily involved in agriculture, real estate development, hotel management and operation, agro tourism, training and recreational centre and computer software.

Further details of the Issuer are set out in Section 2 (General information on the Issuer) of this Information Memorandum.

1.3 BRIEF DESCRIPTION OF THE SUKUK WAKALAH PROGRAMME

The information set out in this sub-section and the following information relating to the transaction structure of the Sukuk Wakalah are qualified by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum. In this section, in the event of any inconsistency of defined terms as set out in the “Definitions” and the following section, the terms as defined in the following section shall prevail.

The Sukuk Wakalah Programme shall comprise issuance(s) of Sukuk Wakalah of up to RM650.0 million in nominal value, based on the Shariah principle of Wakalah Bi Al-Istithmar.

The Sukuk Wakalah, pursuant to the relevant Transaction Documents, shall be direct, unconditional, secured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without discrimination, preference or priority among themselves and *pari passu* with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law.

A summary of the salient features of the Sukuk Wakalah Programme is as follows:

1.3.1 Tenure of Sukuk Wakalah Programme

(a) Tenure of the Sukuk Wakalah Programme

The Sukuk Wakalah Programme shall have a tenure of thirty (30) years from the date of the first issue of Sukuk Wakalah under the Sukuk Wakalah Programme, provided that the first issuance of the Sukuk Wakalah shall be made within sixty (60) business days from the date of lodgement of the lodgement kit with the SC.

(b) Tenure of each tranche of the Sukuk Wakalah

Each tranche of the Sukuk Wakalah shall have a tenure of at least one (1) year and up to twenty (20) years, provided that the Sukuk Wakalah mature prior to the expiry of the Sukuk Wakalah Programme.

1.3.2 Utilisation of Proceeds

The proceeds raised from the issuance of Sukuk Wakalah shall be utilised by the Issuer solely for the following Shariah-compliant purposes:

- (a) For general corporate purposes of PKPP and/or any member of the PKPP Group, to fund the capital expenditure of PKPP and/or any member of the PKPP Group, including acquisition of brownfield plantations or other type of Shariah-compliant assets; and
- (b) To redeem any maturing Sukuk Wakalah issued under the Sukuk Wakalah Programme and to defray fees and expenses payable for the establishment of the Sukuk Wakalah Programme.

1.3.3 Financial Covenant

Finance to Equity Ratio

Under the terms of the Sukuk Wakalah Programme, the Issuer shall maintain a ratio of Finance (as defined under the PTC in Section 2.0 herein) to Equity (as defined under the PTC in Section 2.0 herein) ("**Finance to Equity Ratio**") of not more than 1.5 times at all

times throughout the tenure of the Sukuk Wakalah Programme and so long as any Sukuk Wakalah is outstanding.

The Finance to Equity Ratio shall be tested on a consolidated basis no later than thirty (30) days from the date of the latest audited consolidated financial statements of the PKPP Group is signed based on the latest audited consolidated financial statements of the PKPP Group and shall be duly confirmed by a firm of independent certified public accountants. The Issuer shall arrange for such confirmation to be forwarded to the Sukuk Trustee. For the avoidance of doubt, any double counting shall be disregarded.

Security Cover Ratio

The Issuer shall at all times maintain a Security Cover Ratio (as defined under the PTC in Section 2.0 herein) of 1.67 times throughout the tenure of the Sukuk Wakalah Programme. In the event that the Security Cover Ratio falls below 1.67 times for any reason whatsoever, the Issuer shall irrevocably and unconditionally, within such period as may be agreed by the Security Trustee, at its own cost and expenses, provide and/or cause to be provided to the Security Trustee additional security to maintain the Security Cover Ratio of at least 1.67 times. The Issuer may request to release and/or discharge of any of the Charged Assets in the event the then prevailing Security Cover Ratio exceeds 1.67 times, provided that the Permitted Discharge Conditions are fulfilled to the satisfaction of the Security Trustee.

1.3.4 Rating

The Sukuk Wakalah to be issued under the Sukuk Wakalah Programme may be issued on a rated, unrated or a combination of rated and unrated as the Issuer may decide prior to each issuance.

As at the date of this Information Memorandum, the Rating Agency has assigned a preliminary long-term rating of AA3(s) to the Sukuk Wakalah Programme via its letter dated 27 March 2020.

1.3.5 Security Arrangement

The Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be secured by the following securities in favour of the Security Trustee (for the benefit of the Sukukholders):

- (a) a first ranking legal charge and assignment of all Issuer's rights, titles, benefits and interests in and to the FSRA;
- (b) first or third party first legal fixed charge ("**Legal Charges**") over the identified plantation lands, mills and/or buildings owned by and/or registered in the name of the Issuer and/or any member of the PKPP Group (collectively the "**Charged Assets**"), subject to a minimum Security Cover Ratio of 1.67 times throughout the tenure of the Sukuk Wakalah Programme; and

- (c) any other additional security(ies) as may be advised by the Solicitors, and agreed with the Issuer, subject to approval of the Shariah Adviser.

1.3.6 Selling Restriction

Selling Restrictions at Issuance

The Sukuk Wakalah may only be offered, sold, transferred or otherwise disposed of directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sukuk Wakalah may be made and to whom the Sukuk Wakalah are issued would fall within Part 1 of Schedule 6 of the Capital Markets and Services Act, 2007 as amended from time to time (“**CMSA**”), Part 1 of Schedule 7 of the CMSA and Schedule 8 read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any law, order, regulation or official directive of Bank Negara Malaysia (“**BNM**”) and/or the SC from time to time.

Selling Restrictions after Issuance

The Sukuk Wakalah may only be offered, sold, transferred or otherwise disposed of directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sukuk Wakalah would fall within Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA and Schedule 8 read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any law, order, regulation or official directive of BNM and/or the SC from time to time.

Please refer to Sections 2.0 of this Information Memorandum for further details of the Sukuk Wakalah Programme.

1.4 LODGEMENT OF THE SUKUK WAKALAH PROGRAMME

The information and documents in relation to the Sukuk Wakalah Programme has been lodged with the SC on 29 July 2020 in accordance with the conditions of the LOLA Guidelines.

1.5 REGULATORY APPROVAL

The Issuer has obtained the approval from the MOF for the establishment of the Sukuk Wakalah Programme via its letter dated 27 February 2020 subject to the conditions set out therein.

1.6 SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS OF PKPP GROUP OF COMPANIES

A summary of the consolidated results of PKPP Group for the past financial years are as follows:-

PKPP Group of companies	Unaudited[^] FYE 2019 RM'000	Audited FYE 2018 RM'000	Audited FYE 2017 RM'000
Revenue	449,154	447,437	626,182
Profit from operation	(2,778)	91,760	163,330
Profit before tax	13,236	98,680	211,408
Profit after tax	89	64,424	179,412
Total assets	2,817,916	2,825,144	2,540,944
Total liabilities	363,416	384,720	394,500
Total equity	2,454,500	2,440,424	2,146,444

[^] Based on unaudited account for PKPP Group the full twelve (12) months ended 31 December 2019.

Notes:

- (1) PKPP group of companies comprise of PKPP, its subsidiary companies and share of results of associate companies. PKPP's financial numbers are statutorily audited by the auditor general on yearly basis prior to the same being published publicly.
- (2) Based on the unaudited account for PKPP Group for FYE 2019, there was a drop in profit compared to FYE 2018. The significant decline in operating profit for FYE 2019 was due to higher other income recorded in FYE 2018 due to some adjustments that were made during FYE 2018 on the share price of PKPP's associate company, Far East Holdings Berhad, which had resulted in the gain on fair value adjustments amounted to RM102.5 million. Furthermore, there was also a decline by 54.8% in the dividend income and interest income for FYE 2019 with RM28.3 million received from PKPP's subsidiaries, associates and PKPP's other investments compared to the dividend income and interest income received during FYE 2018, which was in the sum of RM51.6 million. In addition, PKPP had to also bear losses of RM8.3 million for the disposal of its social project during FYE 2019.

Section 2.0

PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK WAKALAH PROGRAMME

The PTC hereunder are NOT intended as a summary of the legal documentation entered or to be entered into in connection with the Sukuk Wakalah Programme. To understand all of the terms and conditions of the Sukuk Wakalah Programme, the Investors should read the legal documentation concerned and obtain such necessary professional advice on the same.

Definitions of terms used in this Section 2.0 may not be similar to the definitions in Section (ii) of this Information Memorandum. In the event of inconsistencies, the definitions used in Section 2.0 shall prevail for the purposes of this Section 2.0.

Details of Facility / Programme

(1) **Name of facility** : An Islamic medium term notes ("**Sukuk Wakalah**") programme of up to RM650.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar ("**Sukuk Wakalah Programme**") to be established by PKPP.

(2) **One-time issue or programme** : Programme.

(3) **Shariah principles** : 1. Wakalah Bi Al-Istithmar; and
2. Murabahah (via Tawarruq arrangement)

(4) **Facility description** : **Underlying Transaction**
The issuance of each Sukuk Wakalah from time to time under the Sukuk Wakalah Programme shall be effected as follows:

- (1) Pursuant to a Wakalah agreement ("**Wakalah Agreement**") entered into between the Sukuk Trustee (acting on behalf of the investors of the Sukuk Wakalah ("**Sukukholders**")) and the Issuer of the Sukuk Wakalah Programme, the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint the Issuer to act as its agent ("**Wakeel**") to perform services which will include investing the Sukuk Proceeds (as defined below) in the Wakalah Investments (as defined below).

The Issuer shall, from time to time, issue Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds ("**Sukuk Proceeds**").

- (2) The Issuer, in its capacity as the Wakeel, shall declare a trust over the Sukuk Proceeds and over the Wakalah Investments acquired using the Sukuk Proceeds. The Sukuk Wakalah shall represent the Sukukholders' undivided and proportionate beneficial interest in the Trust Assets. The **"Trust Assets"** shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the transaction documents for the Sukuk Wakalah Programme (**"Transaction Documents"**).

The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of:

- (i) Shariah-compliant business operation of the Issuer's subsidiaries, which shall be identified prior to issuance of the Sukuk Wakalah (**"Shariah-compliant Business"**); and
- (ii) Shariah-compliant commodities (**"Commodities"**) purchased and sold under the Shariah principle of Murabahah (**"Commodity Murabahah Investment"**).

The investments described in (i) and (ii) above shall collectively be referred to as the **"Wakalah Investments"**.

Shariah-compliant Business

Pursuant to an investment agreement between the Wakeel and PKPP, as the investment agent (**"Investment Agent"**), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The Shariah-compliant Business shall be managed by PKPP as the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment. For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each

tranche of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that the Shariah-compliant Business shall at all times be a component of the Wakalah Investments.

Commodity Murabahah Investment

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

- (3) The Commodity Murabahah Investment shall be effected as follows:
 - (a) The Issuer as the buyer ("**Buyer**") shall issue a purchase order ("**Purchase Order**") to the Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price (as defined below).
 - (b) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) (via the Facility Agent as the purchase agent ("**Purchase Agent**")) shall appoint a commodity trading participant ("**CTP**") for purchase of Commodities on spot basis from the commodity supplier(s) at Bursa Suq Al-Sila' or such other independent commodity broker acceptable to the Shariah Adviser ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds ("**Commodity Purchase Price**").
 - (c) Upon acquiring the Commodities, the Purchase Agent on behalf of the Wakeel (for the benefit of the Sukukholders) will thereafter sell those Commodities to the Buyer for a price equivalent to the Commodity Purchase Price plus the profit margin and shall be payable on deferred payment basis ("**Deferred Sale Price**"). For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic

Distribution Amount (as defined herein), if any, and the nominal value of the corresponding tranche of the respective Sukuk Wakalah.

- (d) The Buyer (via the Facility Agent as the sale agent ("**Sale Agent**") shall appoint the CTP, who will immediately sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd or such other independent commodity broker acceptable to the Shariah Adviser ("**Commodity Buyer**") on spot basis for cash, equivalent to the Commodity Purchase Price.
- (4) In respect of Sukuk Wakalah with Periodic Distributions (as defined herein), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions ("**Periodic Distributions**") based on the Periodic Distribution Rate (as defined herein) on a fixed rate or floating rate basis. In respect of Sukuk Wakalah without Periodic Distributions, the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one-off basis upon the maturity date ("**Scheduled Dissolution Date**") or upon the declaration that a Dissolution Event (as defined herein) has occurred ("**Dissolution Declaration Date**").

On (i) each Periodic Distribution Date (as defined herein); (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable and/or the Dissolution Distribution Amount (as defined herein) due and payable under the Sukuk Wakalah (as the case may be) shall be waived by the Sukukholders and retained by PKPP as an incentive fee for its services as Investment Agent in managing the Shariah-compliant Business under the Wakalah Investment.

- (5) The Issuer (as the Obligor) shall grant a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date, whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the sale agreement ("**Sale Agreement**").

The "**Exercise Price**" for the purchase of the Shariah-compliant Business shall be at the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.

- (6) Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra' if applicable) and any returns generated shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount, on the Scheduled Dissolution Date or the Dissolution Declaration Date, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and be retained by the Investment Agent as incentive fee. Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

- | | | |
|-----|--|---|
| (5) | Currency | : Ringgit Malaysia |
| (6) | Expected facility/programme size (for programme, to state the option to upsize) | : Up to Ringgit Malaysia Six Hundred Fifty Million (RM650,000,000) in nominal value

Option to upsize: Yes |
| (7) | Tenure of facility/programme | : The Sukuk Wakalah Programme shall have a tenure of thirty (30) years from the date of the first issue of Sukuk Wakalah under the Sukuk Wakalah Programme. |
| (8) | Availability period of the Sukuk Wakalah | : The period commencing from the date of completion of the relevant Transaction Documents and, unless waived by the |

Programme

LA, compliance of all conditions precedent to the satisfaction of the LA provided that the Sukuk Wakalah shall mature prior to the expiry of the Sukuk Wakalah Programme and that the first issuance of Sukuk Wakalah under the Sukuk Wakalah Programme be made within sixty (60) Business Days from the date of lodgement of the lodgement kit with the SC.

(9) **Clearing and settlement platform** : Payments Network Malaysia Sdn Bhd ("**PayNet**")

(10) **Mode of issue** : ☒ Private/direct placement
☒ Bought deal
☒ Book building
☐ Tender

(11) **Selling restrictions** : (i) **At Issuance**

<input type="checkbox"/>	Exclusively to persons outside Malaysia
<input checked="" type="checkbox"/>	Part 1 of Schedule 6 of the CMSA
<input checked="" type="checkbox"/>	Part 1 of Schedule 7 of the CMSA
<input checked="" type="checkbox"/>	Read together with Schedule 9 of CMSA
<input checked="" type="checkbox"/>	Schedule 8 of CMSA
<input type="checkbox"/>	Section 2(6) of the Companies Act, 2016
<input type="checkbox"/>	Other

(ii) After Issuance

<input type="checkbox"/>	Exclusively to persons outside Malaysia
<input checked="" type="checkbox"/>	Part 1 of Schedule 6 of the CMSA
<input checked="" type="checkbox"/>	Read together with Schedule 9 of CMSA
<input checked="" type="checkbox"/>	Schedule 8 of CMSA
<input type="checkbox"/>	Section 2(6) of the Companies Act, 2016
<input type="checkbox"/>	Other

Selling Restrictions at Issuance

The Sukuk Wakalah may only be offered, sold, transferred or otherwise disposed of directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sukuk Wakalah may be made and to whom the Sukuk Wakalah are issued would fall within Part 1 of Schedule 6 of the Capital Markets and Services Act, 2007 as amended from time to time ("**CMSA**"), Part 1 of Schedule 7 of the CMSA and Schedule 8 read together with Schedule 9 (or Section 257(3)) of the CMSA

and subject to any law, order, regulation or official directive of BNM and/or the SC from time to time.

Selling Restrictions after Issuance

The Sukuk Wakalah may only be offered, sold, transferred or otherwise disposed of directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sukuk Wakalah would fall within Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA and Schedule 8 (or Section 257(1) of the CMSA) read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any law, order, regulation or official directive of BNM and/or the SC from time to time.

(12) Tradability and transferability

<input type="checkbox"/>	Non-tradable & non-transferable
<input type="checkbox"/>	Restricted transferability
<input checked="" type="checkbox"/>	Tradable & transferable RM650,000,000.00

(13) Details of security/collateral pledged, if applicable

: ☐ Unsecured
☒ Secured, details as follows:

The Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be secured by the following securities in favour of the Security Trustee (for the benefit of the Sukukholders):

- (1) a first ranking legal charge and assignment of all Issuer's rights, titles, benefits and interests in and to the FSRA (as defined herein);
- (2) first or third party first legal fixed charge ("**Legal Charges**") over the identified plantation lands, mills and/or buildings owned by and/or registered in the name of the Issuer and/or any member of the PKPP Group (as defined below) (collectively the "**Charged Assets**"), subject to a minimum Security Cover Ratio (as defined herein) of 1.67 times throughout the tenure of the Sukuk Wakalah Programme;
- (3) any other additional security(ies) as may be advised by the Solicitors, and agreed with the Issuer, subject to approval of the Shariah Adviser.

“PKPP Group” means the Issuer and its subsidiaries.

For any of the Charged Assets that are being acquired by PKPP or its subsidiary company(ies) (as the case may be) using the proceeds raised from the Sukuk Wakalah issuance and that the Charged Assets are without the issue document(s) of title(s) at the point of acquisition, then, the following securities shall be created (in the interim) pending creation of the Legal Charges:-

- (a) a legal assignment in favour of the Security Trustee on the relevant sale and purchase agreements relating to the acquisition of the said Charged Assets to be acquired; and
- (b) a specific debenture over the said Charged Assets to be acquired;

Upon issuance of the issue document(s) of the title(s) under the name of PKPP or its subsidiary company(ies) (as the case may be) subsequently, a third party legal charge over such Charged Assets in favour of the Security Trustee shall be created:-

- (a) if no state authority consent is required for the transfer in favour of PKPP (or its subsidiary company(ies) (as the case may be)) and/or the charge in favour of the Security Trustee, within thirty (30) Business Days (or such extended time as may be mutually agreed between PKPP and the Security Trustee) from the date of receipt of notification of such issuance of issue document(s) of title by PKPP (or its subsidiary company(ies)) (as the case may be); or
- (b) if state authority consent is required for the transfer in favour of PKPP (or its subsidiary company(ies))(as the case may be)) and/or the charge in favour of the Security Trustee, within thirty (30) Business Days (or such extended time as may be mutually agreed between PKPP and the Security Trustee) from the date PKPP (or its subsidiary company(ies))(as the case may be) receives the state authority consent.

(14) **Details of guarantee, if applicable** : ☒ Not guaranteed
☐ Guaranteed

- (15) **Convertibility of issuance and details of the convertibility, if applicable** : ☒ Non-convertible
☐ Convertible
- (16) **Exchangeability of issuance and details of the exchangeability, if applicable** : ☒ Non-exchangeable
☐ Exchangeable
- (17) **Call option and details, if applicable** : ☒ No call option
☐ Call option
- (18) **Put option and details, if applicable** : ☒ No put option
☐ Put option, details as follows:
- (19) **Details of covenants**
Positive covenants : ☐ No positive covenant
☒ Positive covenant, details as follows:

The Issuer covenants that for so long as the Sukuk Wakalah remain outstanding, it shall:

- (1) at all times comply, perform and carry out all provisions of and its obligations under the Transaction Documents to which it is a party and the terms and conditions of the Sukuk Wakalah Programme (including but not limited to redeeming the Sukuk Wakalah on the relevant maturity date or any other dates on which the Sukuk Wakalah are due and payable) and promptly notify the Sukuk Trustee in the event that it is unable to fulfil, comply with or perform any obligations pursuant to the provisions of the Transaction Documents to which it is a party and setting out the measures it proposes to take to mitigate such failure;
- (2) cause the relevant security party(ies) to promptly perform and carry out all its obligations under all the Transaction Documents to which it is a party and the Issuer shall cause the relevant security party(ies) to immediately notify the Sukuk Trustee in the event that it is unable to fulfill or comply with any of the provisions of the Transaction Documents to which it is a party;

(3) maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) ("**Authorisation**") and promptly obtain and renew from time to time any further Authorisation which are or shall become necessary to enable the Issuer and/or the Material Subsidiaries:

(a) to own their assets and to carry on their business; and

(b) to enter into or perform its obligations under the Transaction Documents to which it is a party and to ensure the legality, validity, enforceability, admissibility in evidence or priority of the liabilities and obligations of the Issuer (as the case may be) and the rights of the PA/LA/LM, the Facility Agent, the Sukuk Trustee, the Security Trustee and the Sukukholders under the Transaction Documents and comply with the same at all times;

(4) cause the relevant security party(ies) to maintain in full force and effect all Authorisations and will promptly obtain any further Authorisations which is or may be necessary, for the relevant security party(ies):

(a) to own the relevant Charged Assets;

(b) to enter into or perform its obligations under the Transaction Documents to which it is a party or to ensure the validity, enforceability, admissibility in evidence of the obligations of the relevant security party(ies) (as the case may be) or the priority of the liabilities and obligations of the relevant security party(ies) or rights of the Security Trustee under the Transaction Documents to which it is a party,

and to ensure that the relevant security party(ies) shall comply with any conditions as stipulated therein.

(5) cause the relevant security party(ies) to not create or permit to exist any encumbrance, mortgage, debenture, charge (whether fixed or floating), pledge, lien, hypothecation, right of set-off, assignment by way of security interest of any kind or any agreement to

create any of the foregoing including without limitation, title transfer and/or retention arrangement having a similar effect, trust arrangement for the purpose of providing security or other security interest ("**Security Interest**") over all or part of the relevant Charged Assets;

- (6) at all times comply with all applicable laws, requirements, rules, regulations, orders, guidelines, notes, circulars and conditions including provisions of the CMSA and/or any requirements, rules, regulations, orders, guidelines, notes, circulars and conditions issued and/or imposed by the SC, the BNM and the other regulatory authorities from time to time in relation to securities, corporate bonds and Sukuk including any applicable anti-money laundering and anti-terrorism financing laws;
- (7) at all times exercise reasonable diligence in carrying on and conducting its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and ensure, amongst others, that all necessary approvals and Authorisation required for it to carry on its business are obtained and maintained and are in full force and effect;
- (8) (and shall cause the relevant security party(ies) to) on demand execute all such further documents and do all such further acts as the Sukuk Trustee and/or the Security Trustee considers necessary or expedient at any time or times to give effect to the terms and conditions of the Transaction Documents and/or for the benefits of all rights, powers and remedies conferred upon the Sukuk Trustee and/or the Security Trustee, as the case may be, in the Transaction Documents;
- (9) keep proper books, accounts and records at all times and provide the Sukuk Trustee or any person appointed by it (e.g. auditors) access to such books, accounts and records to the extent permitted by law;
- (10) prepare its financial statements on a basis consistently applied in accordance with the approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of its

financial position and operations for the period to which the financial statements are made up and disclose or provide against all liabilities (actual or contingent) of the Issuer;

- (11) at all times maintain a paying agent who is based in Malaysia;
- (12) procure that the paying agent shall forthwith notify the Sukuk Trustee, through the Facility Agent, if for any reason whatsoever (a) the amounts received by the paying agent from the Issuer are insufficient; or (b) the paying agent does not receive payment in respect of the Sukuk Wakalah from the Issuer on the due dates and in the manner as required under the Transaction Documents and the terms and conditions of the Sukuk Wakalah Programme;
- (13) maintain and/or cause to be maintained adequate *takaful*/insurance cover in respect of its assets and business and all other *takaful*/insurance necessary for its assets and business in accordance with common industry practice for business of such nature with reputable *takaful*/insurance companies and promptly notify the Sukuk Trustee of any event which will or may give rise to any claim or right of action under any *takaful*/insurance;
- (14) ensure that the terms in the trust deed for the Sukuk Wakalah Programme ("**Trust Deed**") do not contain any matter which is inconsistent with the provisions of the information memorandum for the Sukuk Wakalah Programme;
- (15) comply with all conditions imposed in the MOF Approval (as defined below), if applicable;
- (16) submit the following valuation report(s) in respect of the relevant Charged Assets securing the Sukuk Wakalah to the Security Trustee and the Rating Agency:
 - (a) a full valuation report(s) prepared by the Valuer (as defined below) at least once every three (3) years with the first full valuation report to be delivered no later than one (1) month before the third (3rd) anniversary of the first issue date of

the Sukuk Wakalah and subsequently no later than one (1) month before the financial year end of the Issuer every three (3) years thereafter;

- (b) when the full valuation report(s) is not required pursuant to paragraph (a) above, a desktop valuation report(s) prepared by Valuer on annual basis to be delivered no later than one (1) month before the financial year end of the Issuer; and
- (c) a desktop valuation report prepared by Valuer as and when reasonably requested by the Rating Agency and/or the Security Trustee to enable the Security Trustee to discharge its obligations under the Transaction Documents,

together with a compliance certificate signed by a Director or authorised signatory of the Issuer and addressed and submitted to the Security Trustee confirming that the Security Cover Ratio is at least 1.67 times.

All expenses relating to the valuation report(s) shall be borne by the Issuer.

“**Valuer**” refers to licensed independent valuer as may be appointed by the Issuer from time to time and acceptable to the Security Trustee; and

- (17) such other covenants as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA.

“**MOF Approval**” means the approval granted by the Ministry of Finance Malaysia (“**MOF**”) to the Issuer for the establishment of the Sukuk Wakalah Programme via its letter dated 27 February 2020 subject to the conditions more particularly set out therein and such other or further approvals granted by the MOF from time to time thereafter, in respect of the Sukuk Wakalah Programme (if any).

Negative covenants : ☐ No negative covenant
☒ Negative covenant, details as follows:

The Issuer covenants that for so long as the Sukuk Wakalah remain outstanding, it shall not:

- (1) create, incur, assume, guarantee or permit to exist any indebtedness for borrowed money or Islamic financing by the Issuer and/or the Material Subsidiaries (as defined below), save and except for:
 - (a) the indebtedness in respect of the Sukuk Wakalah issued under the Sukuk Wakalah Programme;
 - (b) existing indebtedness as disclosed to the PA/LA/LM as at the date of the Transaction Documents; or
 - (c) the indebtedness as permitted within the Finance to Equity Ratio (as defined herein);
- (2) create or permit to exist any Security Interest over all or any part of the Issuer and/or the Material Subsidiaries' business or undertaking or assets, save and except for:
 - (a) liens arising in the ordinary course of each of their business or by operation of law and not by way of contract;
 - (b) existing Security Interest as disclosed to the PA/LA/LM as at the date of the Transaction Documents;
 - (c) the Security Interest as contemplated under the Transaction Documents; or
 - (d) any Security Interest created with the prior written consent of the Sukuk Trustee;
- (3) utilise, change or allow the utilisation of the Sukuk Proceeds for any purposes other than for the Shariah-compliant purposes set out in the Transaction Documents;
- (4) add, delete, amend or substitute the constitution ("**Constitution**") of the Material Subsidiaries in a manner which may be materially prejudicial to the interest of the Sukukholders or inconsistent with the provisions of the Transaction Documents or do or omit to do any act or execute or omit to execute any document which may render any provisions of the

Transaction Documents to be illegal, void, voidable or unenforceable;

- (5) suspend a substantial part of its present business and the present business of the Material Subsidiaries or change or threaten to change the nature or scope of its present business and the present business of the Material Subsidiaries which may have a Material Adverse Effect (as defined herein) or carry on or engage in any business other than the authorised business in accordance with the Enactment in the case of the Issuer and the Constitution in respect of the Material Subsidiaries (as the case maybe);
- (6) enter into a single transaction or series of transactions (whether related or not) and whether voluntary or involuntary to sell, transfer, dispose, assign, lease or otherwise enter into any transaction for the sale, transfer, disposal, assignment or lease of the whole or any part of the Issuer's or the Material Subsidiaries' present and future properties, assets, revenues, undertakings and investments, save and except for:
 - (a) the sale, transfer, disposal, assignment and lease which are solely for purposes of facilitating Shariah transactions required in Islamic financing facilities granted to the Issuer or the Material Subsidiaries; or
 - (b) the sale, transfer, disposal, assignment and lease which are in the ordinary course of each of the business of the Issuer or the Material Subsidiaries on ordinary commercial terms and on the basis of arm's length transaction and which shall not have a Material Adverse Effect on the Issuer; or
 - (c) the lease of the plantation assets owned by the Issuer to any of its subsidiaries in the ordinary course of their business; or
 - (d) the disposal of any of the Issuer's and/or the Material Subsidiaries' undertaking, business or assets due to obsolescence and/or deterioration and which will not have a Material Adverse Effect on the Issuer;

- (7) (and shall cause the relevant security party(ies) not to transfer, sell or otherwise dispose of any of the Charged Assets. For the avoidance of doubt, the Issuer and the relevant security party(ies) (as the case maybe) shall be allowed to lease the Charged Assets to any of the subsidiaries of the Issuer during the subsistence of Sukuk Wakalah without seeking consent from the Sukuk Trustee provided that the lease is in the ordinary course of each of the business of the Issuer, the relevant security party(ies) or the subsidiaries of the Issuer on ordinary commercial terms and on the basis of arm's length transaction and which shall not have a Material Adverse Effect on the Issuer;
- (8) obtain or permit to exist any loans and/or advances from its directors, related companies, subsidiaries or associated companies unless such loans and/or advances are subordinated to the Sukuk Wakalah;
- (9) save for the transaction that relates to the lease of the plantation assets owned by the Issuer to any of its subsidiaries in the ordinary course of its business, enter into a transaction, whether directly or indirectly with Interested Persons (as defined below), including its subsidiaries unless-
 - (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not Interested Person;
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than Ringgit Malaysia One Hundred Fifty Million (RM150,000,000.00), the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms; and

PROVIDED that the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (10)(a), that the Issuer has received the certification referred to in paragraph (10)(b) (where applicable) and that the transaction has been approved by the majority of the board of directors of the Issuer;

“Interested Person” means any of the directors and chief executive officer;

- (10) make, grant, provide or extend any financing/loans or advances (as the case may be) to any person or company other than:
 - (a) to the Issuer’s directors, officers or employees as part of their terms of employment; or
 - (b) to any of the Issuer’s subsidiaries or associated companies for the purpose of the utilisation of the Sukuk Proceeds;
- (11) declare or pay any dividends or make or give effect to any distribution or pay or repay any advances or payments payable or owing to its directors, related companies, associated companies or make any other distributions whether income or capital in nature to any party (collectively, **“Distributions”**) unless all the following conditions are met:
 - (a) the Finance to Equity Ratio would not be breached before and after such Distributions;
 - (b) the terms and conditions of the FSRA are complied with; and
 - (c) no Dissolution Event has occurred and is continuing, or would occur following such Distributions;
- (12) surrender, transfer, assign, relinquish or otherwise dispose of any or all of its rights and interest under the Transaction Documents to which it is a party;
- (13) undertake, permit or enter into any merger, demerger, consolidation, amalgamation, reorganisation or corporate reconstruction;
- (14) take steps to dissolve itself or dissolve, liquidate or wind-up the Material Subsidiaries; and
- (15) such other covenants as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA.

“Material Subsidiaries” is defined as the subsidiary companies (both present and future) of the Issuer which contribute materially to the consolidated profit of PKPP Group which shall mean the subsidiary companies of the Issuer which contribute more than five per cent (5%) to the Issuer’s consolidated profit after tax and zakat based on the latest available annual audited consolidated financial statements of the Issuer at the relevant time.

“Material Adverse Effect” means the occurrence of any event or circumstances which, materially and adversely affects:

- (1) the ability of the Issuer or the security party(ies) to perform any of its obligations under any of the Transaction Documents; or
- (2) the business, assets or conditions (financial or otherwise), operations and performance of the Issuer and the Material Subsidiaries or the security party(ies).

Financial covenant : ☐ No financial covenant
☒ Financial covenant, details as below:

(i) Finance to Equity Ratio

The Issuer shall maintain a ratio of Finance (as defined herein) to Equity (as defined herein) (**“Finance to Equity Ratio”**) of not more than 1.5 times at all times throughout the tenure of the Sukuk Wakalah Programme and so long as any Sukuk Wakalah is outstanding.

The Finance to Equity Ratio shall be tested on a consolidated basis no later than thirty (30) days from the date of the latest audited consolidated financial statements of the PKPP Group is signed based on the latest audited consolidated financial statements of PKPP Group and shall be duly confirmed by a firm of independent certified public accountants. The Issuer shall arrange for such confirmation to be forwarded to the Sukuk Trustee. For the avoidance of doubt, any double counting shall be disregarded.

“Finance” is defined as in any annual period, the aggregate sum of the consolidated indebtedness of the Issuer Group, which includes:

- (a) nominal value of all outstanding Sukuk Wakalah under the Sukuk Wakalah Programme; and
- (b) principal amount of all other outstanding indebtedness for borrowed monies or any financing arrangements (both conventional and Islamic, secured and unsecured) (be it actual or obligations under guarantees issued by any company within the Issuer Group in favour of third parties), hire purchase obligations, finance lease obligations, net exposure determined on a marked to market basis under any derivative instrument and letters of credit and any other trade financing facilities of the Issuer Group, as disclosed in the audited consolidated financial statements of the Issuer.

“Equity” shall be defined as the consolidated reserves of the Issuer Group including minority interest and retained earnings or losses excluding intangible assets, as disclosed in the audited consolidated financial statements of the Issuer.

(ii) Security Cover Ratio

The Issuer shall at all times maintain a Security Cover Ratio of 1.67 times throughout the tenure of the Sukuk Wakalah Programme.

In the event that the Security Cover Ratio falls below 1.67 times for any reason whatsoever, the Issuer shall irrevocably and unconditionally, within such period as may be agreed by the Security Trustee, at its own cost and expenses, provide and/or cause to be provided to the Security Trustee additional security to maintain the Security Cover Ratio of at least 1.67 times (**“Additional Security”**) and execute and deliver to the Security Trustee or procure the execution and delivery to the Security Trustee of such security document over the Additional Security as the Security Trustee shall require in the following manner:-

In the case of Legal Charge(s) over the Unencumbered Assets (as defined below), receipt by the Security Trustee or the transaction solicitors of the following documents:

- (i) the original issue document of title in respect of the relevant Unencumbered Assets;

- (ii) all consents and/or approvals necessary for the Legal Charge(s) over the relevant Unencumbered Assets to be created;
- (iii) such other documents required to register the Legal Charge(s) over the relevant Unencumbered Assets at the relevant land registry; and
- (iv) evidence that the Legal Charge(s) over the relevant Unencumbered Assets have been presented and lodged with the Companies Commission of Malaysia and/or the relevant land office and immediately prior to the presentation of the Legal Charge(s) over the relevant Unencumbered Assets, a search in respect of the relevant Unencumbered Assets at the relevant land office confirms that there are no charges, liens, mortgages, caveats or whatsoever encumbrances over the relevant Unencumbered Assets;

Pending the issuance of the issue document(s) of title(s) to the Assets to Be Acquired (as defined below) by PKPP (or its subsidiary company(ies)): -

- (i) a first and/or third party legal assignment by PKPP and/or its subsidiary company(ies) of all its rights, titles, interests and benefits in and under the sale and purchase agreement of the Assets to Be Acquired; and
- (ii) a specific debenture creating first ranking fixed and floating charge over the Assets to Be Acquired which shall form part of the Charged Assets for the Sukuk Wakalah Programme.

Upon issuance of the issue document(s) of title(s) subsequently in respect of the Assets to Be Acquired, a first and/or third party legal charge over the Assets to Be Acquired shall be created within thirty (30) Business Days (or such extended period as may be mutually agreed between PKPP and the Security Trustee) from (i) in the case where the state consent is not required, the date of receipt of notification of issuance of the said issue document(s) of title by PKPP (or its subsidiary company(ies) (as the case may be)) or (ii) in the case where the state consent is required, the date of receipt of the state authority consent by PKPP (or its subsidiary company (ies) (as the case may be));

so as to maintain the Security Cover Ratio of at least 1.67 times.

"Security Cover Ratio" means such ratio calculated based on, at any time, the open market value of the Charged Assets as supported by the then latest available valuation report(s) and/or desktop valuation (as the case may be) prepared by the Valuer, to the aggregate of outstanding nominal value of the Sukuk Wakalah under the Sukuk Wakalah Programme at that time and the nominal value of the Sukuk Wakalah which are to be issued pursuant to an issue request (if applicable).

"Unencumbered Assets" means such other unencumbered plantation land(s), mill(s) and/or building(s) owned by and/or registered in the name of the Issuer or any member of the PKPP Group, as the case may be, acceptable to the Security Trustee and the Rating Agency where the value shall be determined based on the prevailing market value as indicated in the then latest available full valuation report(s) on the relevant assets prepared by the Valuer.

"Assets to Be Acquired" means such plantation land(s), mill(s) and/or building(s) to be acquired by PKPP Group, details in accordance to the relevant sales and purchase agreement(s) entered into relating to the acquisition of such asset(s) (**"Acquisition SPA"**) where the value shall be determined based on the prevailing market value as indicated in the latest full valuation report(s) on the said asset(s) prepared by Valuer for the purpose of the Acquisition SPA.

Permitted Discharge

The Issuer may request to release and/or discharge of any of the Charged Assets in the event the then prevailing Security Cover Ratio exceeds 1.67 times, provided that the Permitted Discharge Conditions (as defined below) are fulfilled to the satisfaction of the Security Trustee.

"Permitted Discharge Conditions" means the following conditions:

- (i) no Event of Default has occurred and is continuing or will occur as a result of the release and/or discharge of any of the Charged Assets;

- (ii) the Security Cover Ratio shall be at least 1.67 times following the release and/or discharge of any of the Charged Assets and the calculation of the Security Cover Ratio must at all times be substantiated by the then latest valuation report and/or desktop valuation which shall be made available to the Security Trustee accompanied with a confirmation from the Issuer in relation to the calculation of the Security Cover Ratio (which confirmation shall be signed by a Director or authorised signatory of the Issuer);
- (iii) receipt of the affirmation by the Rating Agency on the then prevailing rating assigned to the Sukuk Wakalah Programme; and
- (iv) such other conditions as may be mutually agreed between the Issuer and the Sukuk Trustee and/or the Rating Agency.

**Information
covenants**

- : ☐ No information covenant
☒ Information covenant, details as below:

The Issuer covenants that for so long as the Sukuk Wakalah remain outstanding, it shall:

- (1) deliver to the Sukuk Trustee:
 - (a) annually a certificate signed by one (1) director or authorised signatory(ies) of the Issuer confirming that (i) the Issuer has observed, complied with and performed all its obligations under the relevant Transaction Documents to which it is a party and the terms and conditions of the Sukuk Wakalah Programme: (ii) the required financial covenant has been maintained in accordance with the terms and conditions of the Sukuk Wakalah Programme; and (iii) there did not exist or had not existed, from the date of first issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme or from the date of the previous certificate, as the case may be, any Dissolution Event or any event which with the giving of notice and/or lapse of time and/or the issue of a certificate and/or a determination being made and/or the fulfilment of the relevant requirement as contemplated under the relevant

Transaction Documents, would constitute a Dissolution Event ("**Potential Dissolution Event**"), and if such is not the case, to specify the same and steps being taken, if any, to remedy the same;

- (b) a copy of its annual audited consolidated financial statements (which shall contain income statement, balance sheet and cash flow statement) audited and duly certified without qualification by the Auditor General as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial year); and
 - (c) a copy of its unaudited half yearly consolidated financial statements (which shall contain income statement, balance sheet and cash flow statement) prepared in accordance with the approved accounting standards in Malaysia duly certified by one (1) director or authorised signatory of the Issuer as soon as they become available (and in any event within ninety (90) days after the end of each half of its financial year);
- (2) promptly notify the Sukuk Trustee in the event that the Issuer becomes aware of the following:
- (a) any Dissolution Event and any Potential Dissolution Event;
 - (b) the happening of any event that has caused or could cause, one or more of the following:
 - (i) any amount secured or payable under the Sukuk Wakalah to become immediately payable;
 - (ii) the Sukuk Wakalah to become immediately enforceable; and
 - (iii) any other right or remedy under the terms, provisions or covenants of the Sukuk Wakalah or the Transaction Documents to become immediately enforceable;

- (c) any circumstance that has occurred that would materially prejudice the Issuer, any security party or any security created in favour of the Security Trustee pursuant to the Transaction Documents;
 - (d) any substantial change in the nature of the business of the Issuer or any security party;
 - (e) any change in the name of the Issuer or any security party;
 - (f) any change in the authorised signatories and/or the board of directors of the Issuer or any security party;
 - (g) any change in the status of the Issuer pursuant to the Enactment;
 - (h) any change in the utilisation of Sukuk Proceeds other than for the purposes stipulated in the Transaction Documents;
 - (i) any change in the Issuer's withholding tax position or tax jurisdiction; and
 - (j) any other matter that may materially prejudice the interest of the Sukukholders;
- (3) promptly notify the Sukuk Trustee of any event which may have a Material Adverse Effect;
 - (4) promptly notify the Sukuk Trustee of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer or any security party before any court or tribunal or administrative agency which may have a Material Adverse Effect;
 - (5) promptly deliver to the Sukuk Trustee such additional information as the Sukuk Trustee may from time to time reasonably require in order to discharge its duties and obligations under the Trust Deed relating to the Issuer's affairs to the extent permitted by law;

- (6) promptly deliver to the Sukuk Trustee any other accounts, report, notice, statement or circular issued to its shareholders and all notices or other documents received by the Issuer from any of its shareholders or creditors and a copy of all documents dispatched by the Issuer to its creditors generally at the same time as these documents are dispatched to these creditors;
- (7) permit the accounts, reports, notices, statements or circulars as provided by the Issuer to the Sukuk Trustee to be circulated by the Sukuk Trustee at its discretion to the Sukukholders and the qualified investors of the Sukuk Wakalah and the credit rating agency of the Sukuk Wakalah Programme; and
- (8) such other covenants as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA.

(20) **Details of designated account(s), if applicable** : ☐ No designated account
☒ Designated account, details as below:

Islamic designated account(s) as follow:

Name of Account	Finance Service Reserve Account ("FSRA") which shall be Shariah-compliant
Opened/ To be opened by	Issuer
Maintained/ Operated or to be maintained/ operated by	Security Trustee
Signatories to the account	Security Trustee

Sources of funds	<p>The Issuer shall deposit and maintain or cause to be deposited and maintained and ensure that a Minimum Required Amount (as defined herein) is maintained in the FSRA.</p> <p>“Minimum Required Amount” shall mean:</p> <ul style="list-style-type: none"> (i) the amount equivalent to six (6) months periodic distributions due under the Sukuk Wakalah issued under the Sukuk Wakalah Programme to be maintained in the FSRA at all times; and (ii) the amount equivalent to the scheduled principal payments of the Sukuk Wakalah due and payable in the next three (3) months to be built up progressively in the following manner: <table border="1"> <thead> <tr> <th>Period (prior to the due date of principal payments)</th><th>Minimum Required Amount (%)</th></tr> </thead> <tbody> <tr> <td>Three (3) months</td><td>30%</td></tr> <tr> <td>Two (2) months</td><td>30%</td></tr> <tr> <td>One (1) month</td><td>40%</td></tr> <tr> <td>Total</td><td>100%</td></tr> </tbody> </table>	Period (prior to the due date of principal payments)	Minimum Required Amount (%)	Three (3) months	30%	Two (2) months	30%	One (1) month	40%	Total	100%
Period (prior to the due date of principal payments)	Minimum Required Amount (%)										
Three (3) months	30%										
Two (2) months	30%										
One (1) month	40%										
Total	100%										
Utilisation of funds	<p>The Issuer may withdraw sums from the FSRA for the purpose of meeting any periodic distribution due or the principal payments.</p> <p>Any amount withdrawn from the FSRA for the purpose of payment of the periodic distributions shall be replenished within fourteen (14) days after the utilisation date so that the Minimum Required Amount is maintained.</p> <p>In the event monies standing in the FSRA are more than the Minimum</p>										

	<p>Required Amount, the excess monies shall be returned to the Issuer.</p> <p>The Security Trustee may utilise monies standing in the FSRA to make Permitted Investments (as defined herein), provided always that it matures prior to the intended utilisation date as required under the Transaction Documents.</p> <p>For the avoidance of doubt, failure to meet the Minimum Required Amount within the period as stipulated above shall constitute a Dissolution Event.</p>
Diagram illustrating the flow of monies and conditions for disbursement	<pre> graph TD PKPP[PKPP] -- "To deposit funds into the FSRA up to the Minimum Required Balance" --> FSRA[FSRA] FSRA -- "Utilisation of the FSRA" --> Redemption[Redemption of principal and/or payments of periodic distribution for Sukuk Wakalah] FSRA -- "Utilisation of the FSRA" --> Investments[Permitted investments] </pre>

(21) Details of credit rating, if applicable

: ☐ Not Rated

☐ Rated as follows:

☒ Combination of rated and unrated as follows:

Credit Rating Agency	:	RAM Rating Services Berhad
Credit Rating	:	AA3(s)
Final/Indicative	:	Indicative
Name of Tranche / Series / Class	:	Not applicable.

Partial rating	:	No.
Amount rated	:	RM650,000,000.00

The Sukuk Wakalah to be issued under the Sukuk Wakalah Programme may be issued on a rated, unrated or a combination of rated and unrated as the Issuer may decide prior to issuance.

(22) Conditions precedent : Conditions precedent for the first issue under the Sukuk Wakalah Programme shall include the following, all of which have to be in form and substance acceptable to the PA/LA:

A. Main Documentation

- (i) The Transaction Documents have been executed and, where applicable, stamped (or endorsed as exempt from stamp duty) and presented for registration, if required
- (ii) All relevant notices and acknowledgements of assignment shall have been served and received, as the case may be.

B. The Issuer

- (i) Certified true copies of the Enactment of the Issuer;
- (ii) Certified true copies of the Certificate of Incorporation and the Constitution of the relevant security party(ies);
- (iii) Certified true copies of the Return for Allotment of Shares (or Form 24 as prescribed under the Companies Act, 1965), the Notification of Change in the Registered Address (or Form 44 as prescribed under the Companies Act, 1965), and the Notification of Change in the Register of Directors, Managers and Secretaries (or Form 49 as prescribed under the Companies Act, 1965) of the relevant security party(ies);
- (iv) Certified true copy of the resolution of the Issuer authorising, among others, the establishment of the Sukuk Wakalah Programme, the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme and the execution of the Transaction Documents;

- (v) Certified true copy of board resolutions of the Issuer and/or the relevant security party(ies) (as the case may be) authorising, among others, the creation of the security over the relevant Charged Assets, as the case may be, and the execution of the security documents to which it is a party;
- (vi) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (vii) A list of the relevant security party(ies)' authorised signatories and their respective specimen signatures;
- (viii) A report of the relevant company search of the relevant security party(ies) conducted at the Companies Commission of Malaysia; and
- (ix) A report of the relevant winding-up search on the relevant security party(ies) conducted at the Department of Insolvency of Malaysia.

C. General

- (i) The Issuer shall have procured the relevant approval from MOF including the satisfaction/waiver of any conditions as may be imposed thereto as required in relation to the establishment of the Sukuk Wakalah Programme with all conditions imposed therein (if any and where relevant) having been fulfilled;
- (ii) Receipt of the relevant certified true copies of the executed sale and purchase agreement(s) ("**SPA(s)**") in respect of the relevant acquisition of plantations (in the case where the Sukuk Proceeds are to be used to finance such acquisitions) together with the necessary documentary evidence that all the conditions under the SPA(s) have been fulfilled and has become unconditional;
- (iii) The endorsement from the SAC of the SC has been obtained and acknowledgement from the SC on the lodgement made in respect of the Sukuk Wakalah Programme under the LOLA Guidelines;
- (iv) The endorsement from the Shariah Adviser in respect of the structure and mechanism and the Transaction Documents of the Sukuk Wakalah Programme are in

compliance with the Shariah requirements have been received;

- (v) The Sukuk Wakalah Programme have been assigned a credit rating of AA3(s) by RAM Rating Services Berhad, if applicable;
- (vi) Evidence that all transaction fees, costs and expenses have been or will be paid in full;
- (vii) The PA/LA have received from the Solicitors a satisfactory legal opinion addressed to them and the Sukuk Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation that all the conditions precedent have been fulfilled or otherwise waived;
- (viii) Evidence of the completion of satisfactory legal due diligence exercise on the Issuer and its Material Subsidiaries and on the relevant Charged Assets and the receipt of the relevant legal due diligence reports by the PA/LA from the Solicitors;
- (ix) Confirmation that the FSRA have been opened and established with such financial institution acceptable to the PA/LA and the mandates are in accordance with the terms of the respective board of directors' resolution and the provisions of the relevant Transaction Documents;
- (x) If required, the Issuer has obtained and/or cause the relevant security party(ies) to obtain all consents and/or approvals necessary for the relevant Legal Charge(s) to be created;
- (xi) Immediately prior to the presentation of the relevant Legal Charge(s), a search in respect of the relevant Charged Assets at the relevant land office confirms that there are no charges, liens, mortgages, caveats or whatsoever encumbrances over the said Charged Assets;
- (xii) In the case of the Legal Charge(s), receipt by the Security Trustee of the following from the Issuer:
 - (i) the original issue document of title in respect of the relevant Charged Assets; and

- (ii) such other documents required to register the relevant Legal Charge(s) at the relevant land registry;
- (xiii) Confirmation from the Issuer (which confirmation shall be signed by a Director or authorised signatory of the Issuer and addressed and submitted to the Lead Arranger) that Security Cover Ratio of at least 1.67 times will be met following the first issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme;
- (xiv) Receipt of the latest full valuation report(s) on the relevant Charged Assets (including those that is being acquired) addressed and submitted to the Lead Arranger, which shall be dated not more than one (1) year prior to the proposed issue date; and
- (xv) Such other conditions precedent as advised by the Solicitors and/or the Shariah Adviser to be mutually agreed between the LA and the Issuer.

Conditions precedent for subsequent issuance(s) of the Sukuk Wakalah to include the following (all having to be in the form and substance acceptable to the LM):

- (i) Confirmation from the Issuer that all representations and warranties remain true and correct;
- (ii) No Dissolution Event has occurred or is continuing;
- (iii) Confirmation from the Issuer (which confirmation shall be signed by a Director or authorised signatory of the Issuer and addressed and submitted to the LM and the Security Trustee) that Security Cover Ratio of at least 1.67 times is met prior to issuance and will be met following the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme;
- (iv) Receipt of the latest full valuation report(s) on the relevant Charged Assets addressed and submitted to the Security Trustee, which shall be dated not more than one (1) year prior to the proposed issue date; and

- (v) Such other conditions precedent as advised by the Solicitors to be mutually agreed between the LM and the Issuer to be spelt out in the pricing supplement of such subsequent issue.

(23) Representations and warranties : Representations and warranties include but are not limited to the following:

- (i) the Issuer is and will remain so at all times during the tenure of the Sukuk Wakalah Programme as a statutory body duly established under the Enactment and is validly existing and there is no amendment to the Enactment that may result in a Material Adverse Effect;
- (ii) all necessary corporate and other relevant actions have been taken to authorise, and all relevant Authorisation have been duly obtained and are in full force and effect which are required to authorise the Issuer to own its properties and assets, carry on its business as it is being conducted and to execute and deliver and perform the transactions contemplated in the relevant Transaction Documents to which it is a party in accordance with their terms;
- (iii) the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme has been duly authorised, and when issued and delivered pursuant to the Transaction Documents, will have been duly executed, authenticated, issued and delivered and will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with its terms;
- (iv) neither the execution and delivery of any of the Transaction Documents to which it is a party, nor the performance of any of the transactions contemplated in the Transaction Documents to which it is a party did or does or shall:
 - (a) contravene or constitute a default under any provision contained in any:
 - (i) contract, undertaking, agreement, instrument by which the Issuer or any of their assets is bound or affected; or

- (ii) law, ordinance, decree, judgment, award, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or affected;
- (b) cause any limitation on the Issuer or the powers of their board of directors, whether imposed by or contained in its Enactment or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment, award or otherwise, binding on the Issuer, to be exceeded; or
- (c) result in the creation or imposition of any Security Interest or restrictions of any nature on any of the Issuer's assets other than those covered under or permitted by the Transaction Documents;
- (v) no event or circumstance has occurred and is continuing which would constitute a Dissolution Event or a Potential Dissolution Event;
- (vi) no event or circumstance has occurred and is continuing which would constitute a contravention of, or a default or termination event (however described) or potential event which upon the giving of notice and/or the lapse of time and/or the issue of certificate and/or a determination being made and/or the fulfilment of the relevant requirement as contemplated under the relevant agreement or instrument by which the Issuer or any of its assets is bound or affected, would constitute a contravention of, or a default or termination event (however described) under any such agreement or instrument, which may have a Material Adverse Effect;
- (vii) the Issuer is not in breach of the provisions of any law or regulations governing the relevant Authorisation and, after due and careful consideration, the Issuer is not aware of any reason why such Authorisation should be withdrawn or cancelled or any conditions attached thereto should be adversely altered;
- (viii) no legal or governmental proceedings are presently in progress or pending or threatened against the Issuer, to which the Issuer is or may be a party or to which

any properties or assets of the Issuer is or may be the subject which may have a Material Adverse Effect;

- (ix) no litigation, arbitration, administrative proceeding, claim or dispute is being initiated or presently in progress or pending or threatened against the Issuer, the security party(ies) and/or any of their respective properties or assets (including the Charged Assets) which may have a Material Adverse Effect;
- (x) no step has been taken by the Issuer, the Material Subsidiaries, any of their creditors and/or any of their shareholders (in respect of the Material Subsidiaries) and/or any other person on their behalf, nor have any legal proceedings or applications under Section 366 of the Companies Act, 2016 been started or threatened in respect of the Material Subsidiaries;
- (xi) no approval by the Pahang State for the dissolution of the Issuer has been passed or no meeting has been convened for the winding-up of the Material Subsidiaries and no petition or application is outstanding for the winding-up of the Material Subsidiaries and no winding-up order has been made against the Material Subsidiaries;
- (xii) the Issuer is in compliance and will comply with the requirements under the Enactment, all applicable laws, regulations, by-laws, orders, codes of practice, directives, guidelines, specifications, notices, circulars and other requirements of all relevant statutory bodies and any relevant federal, local or municipal government department or agencies and the conditions imposed in the MOF Approval;
- (xiii) the Issuer and its obligations under the Transaction Documents and the Sukuk Wakalah are subject to civil and commercial law and to legal suits in Malaysia, and the execution, delivery and performance of the Transaction Documents constitute private and commercial acts rather than governmental or public acts and neither the Issuer nor any of its properties, assets or revenues are entitled to immunity on the ground of sovereignty or otherwise from any legal actions, suits, judgements, executions, proceedings or other legal process;

- (xiv) the Transaction Documents are and will be, when executed and/or issued as the case may be, in full force and effect and constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms and that there is no law or regulation or any order or decree of any governmental authority, agency or court to which the Issuer are subject to which would be in conflict with or prevent the Issuer from executing, delivering and performing the transactions contemplated in each of the Transaction Documents;
- (xv) the audited financial statements (including the income statements and balance sheets) of the Issuer for each financial year have been prepared in accordance with the approved accounting standards in Malaysia and give a true and fair view of the financial position of the Issuer (as at the end of the period to which they relate);
- (xvi) all necessary returns have been delivered by or on behalf of the Issuer to the relevant taxation authorities within the requisite periods and are up-to-date, correct and made on a proper basis with the relevant taxation authorities and the Issuer are not in default in the payment of any taxes (unless (i) such default is contested by the Issuer in good faith and in accordance with the relevant procedures; (ii) for which adequate provisions are being made in accordance with the approved accounting standards in Malaysia; and (iii) such default is not likely to have a Material Adverse Effect), and no material claim is being asserted with respect to taxes which is not disclosed in the financial statements of the Issuer;
- (xvii) the information memorandum for the Sukuk Wakalah Programme and the written information furnished or to be furnished in relation to the Transaction Documents do not contain any statement or information that is false or misleading and there is no material omission in respect thereof, and all expression of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer;

- (xviii) the Issuer and/or the Material Subsidiaries (as the case maybe) is the legal and beneficial owner of and has full beneficial title to all its assets;
- (xix) Issuer is a Pahang State owned entity and has the capacity to issue Sukuk Wakalah under the Sukuk Wakalah Programme;
- (xx) the Sukuk Wakalah constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without discrimination, preference or priority amongst themselves and *pari passu* with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law;
- (xxi) no material adverse change in the business conditions (financial or otherwise), operations and performance of the Issuer and the Material Subsidiaries;
- (xxii) no extraordinary circumstances or change of law or other governmental action has occurred which shall make it impossible that the business of the Issuer can be carried out or that the Issuer will be able to observe and perform the covenants and obligations on its part to be observed and performed under the Transaction Document to which it is a party; and
- (xxiii) such other representations and warranties as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA or as may be required under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011 ("**Trust Deeds Guidelines**").

- (24) **Events of default or enforcement events, where applicable, including recourse available to investors** : Shall include the following dissolution events (to be referred to as "**Dissolution Events**"):
- (i) the Issuer fails to pay any amount due from it under the Sukuk Wakalah and/or any of the Transaction Documents on the due date or if so payable on demand;
 - (ii) the Issuer fails to maintain the required financial covenant in accordance with the terms and conditions of the Sukuk Wakalah Programme;

- (iii) the Issuer fails to maintain the Minimum Required Amount in the FSRA;
- (iv) the Issuer or any security party fails to observe or perform any of its obligation under the Sukuk Wakalah and/or any of the Transaction Documents to which it is a party or under any undertaking or arrangement entered into in connection therewith (other than an obligation of the type referred to in (i), (ii) and (iii) above), or, in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer or such security party does not remedy such failure within a period of thirty (30) days after the Issuer or such security party became aware of the failure or having being notified by the Sukuk Trustee of the failure, whichever is earlier;
- (v) (a) any indebtedness for borrowed money or financing obtained by the Issuer and/or the Material Subsidiaries or any security party is not paid when due; or (b) any indebtedness for borrowed money or financing obtained by the Issuer and/or the Material Subsidiaries or any security party becomes due and payable or capable of being declared due and payable prior to its stated maturity; or (c) any Security Interest created to secure any indebtedness of the Issuer and/or the Material Subsidiaries or any security party becomes enforceable; or (d) any guarantee or similar obligations of the Issuer and/or the Material Subsidiaries or any security party is not discharged at maturity or when called;
- (vi) the Issuer and/or the Material Subsidiaries changes or threatens to change the nature or scope of its present business or suspends or ceases or threatens to suspend or cease to carry on any substantial part of its present business operations which it now conducts which in the opinion of the Sukuk Trustee and/or the Security Trustee may have a Material Adverse Effect;
- (vii) (a) any step or action is taken for the dissolution of the Issuer or the winding-up, administration, dissolution or liquidation of the Material Subsidiaries or any security party (including, without limitation, the presentation of a petition for the winding-up, administration, dissolution or liquidation of the Material Subsidiaries or

any security party) other than such petition which is frivolous or vexatious in nature and is discharged, stayed or dismissed within thirty (30) days from the date of commencement of such petition or (b) a decision to dissolve the Issuer has been made by the Pahang State or winding-up order has been made against the Material Subsidiaries or any security party or a resolution for the winding-up, dissolution or liquidation of the Material Subsidiaries or any security party has been passed;

- (viii) the Issuer and/or the Material Subsidiaries or any security party fails to satisfy any judgment passed against it by any court of competent jurisdiction and (a) no appeal against such judgment or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law; or (b) in the event that an appeal against such judgment has been made, such appeal has been dismissed;
- (ix) the Issuer and/or the Material Subsidiaries or any security party convenes a meeting of its creditors, or proposes or makes any arrangement including any scheme of arrangement or composition or corporate voluntary arrangement or judicial management, or begins negotiations with its creditors, or takes any proceeding or other step with a view to a rescheduling or deferral of all or any part of its indebtedness (including amount arising under Islamic financing), or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness (including amount arising under Islamic financing), or any assignment is made for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction, the Issuer and/or the Material Subsidiaries or any security party becomes or is declared to be insolvent) or where any scheme of arrangement under the Companies Act, 2016 has been instituted against any of the Material Subsidiaries;
- (x) any creditor of the Issuer and/or the Material Subsidiaries exercises a contractual right to take over the financial management of the Issuer and/or the

Material Subsidiaries which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

- (xi) the Issuer and/or the Material Subsidiaries or any security party is deemed unable to pay its debts (including Islamic financing) or becomes unable to pay its debts (including Islamic financing) as they fall due or suspends or threatens to suspend making payments with respect to any class of its debts (including Islamic financing);
- (xii) an encumbrancer takes possession of, or a trustee, receiver, liquidator, receiver, manager, judicial manager or similar officer is appointed in respect of any part of the business, properties, assets or undertaking of the Issuer and/or the Material Subsidiaries or in the case of the Issuer or any security party in respect of the Charged Asset(s), or a distress, execution, attachment, legal process, sequestration, expropriation or any form of execution or process is levied or enforced upon or sued out against the Issuer and/or the Material Subsidiaries or the security party(ies) or any Security Interest over any assets of the Issuer and/or the Material Subsidiaries or in the case of the Issuer or any security party, the Charged Asset(s), becomes enforceable;
- (xiii) all or any part of the business, properties, assets, undertakings, rights or revenue of the Issuer and/or the Material Subsidiaries or any security party are condemned, seized, compulsorily acquired, expropriated or nationalised by the government or any person acting under the agency, authority of the governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xiv) there has been a breach by the Issuer of any of the Issuer's existing contractual obligations (other than the obligations under the Transaction Documents) which in the opinion of the Sukuk Trustee may have a Material Adverse Effect or, in the case of a breach which is capable of being remedied, the Issuer does not remedy such breach within thirty (30) days after the Issuer became aware of the breach or having being notified by the Sukuk Trustee of the breach, whichever is earlier;

- (xv) where there is expiry, withdrawal, revocation, termination, withholding, invalidation or modification of any Authorisation which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xvi) any representations and warranties made or given or deemed made or given by the Issuer or any security party under the Sukuk Wakalah Programme and/or any of the Transaction Documents or any certificate or document or statement furnished at any time pursuant to the terms of any Transaction Document, proves to have been incorrect or misleading in any material respect on or as at the date made or given or deemed made or given or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be correct or would be misleading;
- (xvii) at any time it is illegal or unlawful for the Issuer or any security party to perform any of its obligations under the Transaction Documents to which it is a party or any of the provisions of the Transaction Documents is or becomes for any reason, invalid, illegal, void, voidable or unenforceable;
- (xviii) the Issuer or any security party repudiates any of the Transaction Documents or does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xix) any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee and/or the Security Trustee may have a Material Adverse Effect; and
- (xx) such other events as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA or as may be required under the SC's Trust Deeds Guidelines.

Upon the occurrence of any of the Dissolution Events, the Sukuk Trustee may, at its discretion or shall (if so directed by a special resolution of the Sukukholders), declare (by giving notice to the Issuer) that a Dissolution Event has occurred and all sums payable under the Sukuk Wakalah Programme are immediately due and payable, and the

Sukuk Trustee shall enforce its rights under the Transaction Documents, including but not limited to, requiring the Obligor to purchase the Sukukholders' interest in the Shariah-compliant Business at the Exercise Price and enter into a Sale Agreement for such purchase, and the Buyer to pay the outstanding Deferred Sale Price (subject to Ibra', if any) and the Security Trustee shall enforce the relevant securities under the security documents.

(25) **Governing laws** : Laws of Malaysia.

(26) **Provisions on buy-back, if applicable** : ☐ No provision on buy-back
☒ Provision on buy-back, details as below:

Purchase and Cancellation

Any member of the PKPP Group or any agent(s) of the Issuer may at any time purchase the Sukuk Wakalah at any price in the open market or by private treaty, but these Sukuk Wakalah shall be cancelled and cannot be reissued or resold. The Sukuk Wakalah so acquired by related corporations (other than its subsidiaries) or any Interested Person of the Issuer will not be cancelled but will not entitle them to vote at any meetings of the Sukukholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the Sukukholders whenever such determination is required under the Trust Deed.

(27) **Provisions on early redemption, if applicable** : ☒ No provision on early redemption
☐ Provision on early redemption, details as below:

(28) **Voting** : Voting by the Sukukholders under the Sukuk Wakalah Programme for all matters which require the Sukukholders' consent under the Sukuk Wakalah Programme shall be carried out as follows:

Prior to upsizing of the Sukuk Wakalah Programme

All matters which require the Sukukholders' consent under the Sukuk Wakalah Programme shall be carried out on a collective basis.

Post upsizing of the Sukuk Wakalah Programme

All matters which require the Sukukholders' consent under the Sukuk Wakalah Programme shall be carried out on a per Series (as defined below) basis. Sukukholders holding a

requisite amount under each Series shall provide their consent for the relevant matters to be passed under the Sukuk Wakalah Programme and the consent from Sukukholders of all outstanding Series shall have been obtained for any such resolution to be carried.

“**Series**” shall mean, in relation to any Sukuk Wakalah, such Sukuk Wakalah with the same issue date and maturity date.

(29) **Permitted investments, if applicable**

- : ☐ No permitted investment
☒ Permitted investment, details as below:

Permitted Investments shall comprise investments in Shariah-compliant products approved by the SC’s SAC, BNM’s SAC or other recognised Shariah authorities. For the purpose of the Sukuk Wakalah Programme, “**Permitted Investments**” shall mean:

- (1) any sukuk guaranteed by the Government of Malaysia (“**GOM**”);
- (2) any sukuk issued in Malaysia with the approval of the GOM by any authority established under federal or state law;
- (3) Islamic money market instruments (where there is the flexibility of early withdrawal without incurring any penalty) such as Islamic bankers’ acceptance issued or Islamic promissory notes or Islamic certificates of deposits issued by any Islamic bank licensed pursuant to the Islamic Financial Services Act 2013 (“**IFSA**”) and having a minimum long term rating of A3/A- and short term rating of P1/MARC-1 or its equivalent;
- (4) other Islamic deposits or accounts with any Islamic bank licensed pursuant to the IFSA with minimum rating of A3/A- or P1/MARC-1; and
- (5) other Islamic capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1/MARC-1 or its equivalent,

provided that such investments which are equities in nature or incorporate loss-sharing mechanism shall not be allowed.

(30) **Ta’widh (Compensation)**

- : In the event, the Issuer breaches its fiduciary duty as an investment manager due to its failure to distribute any realised Periodic Distributions and/or due to any delays in

the payment of any amounts due and payable to the Sukukholders under the Sale Agreement pursuant to exercise of the Purchase Undertaking and/or the Deferred Sale Price, the Obligor/Buyer shall pay to the Sukuk Trustee (acting on behalf of the Sukukholders) Ta'widh (compensation) on such delay in payments at the rate and in the manner prescribed by the SAC of the SC from time to time.

(31) Ibra'

: An Ibra', where applicable, shall be granted by the Sukukholders. The Sukukholders in subscribing to or purchasing the Sukuk Wakalah consent to grant an Ibra' on the Deferred Sale Price, upon the occurrence of any of the following events:

- (1) if the Sukuk Wakalah are redeemed before the Scheduled Dissolution Date upon the Dissolution Declaration Date; or
- (2) in respect of Sukuk Wakalah issued on floating rate basis, if the effective rate is lower than the ceiling rate.

Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partial or in full. With respect to the Murabahah contract, Ibra' refers to the release of rights on debts/amount due and payable under the said contract.

In relation to item (1) above, Ibra' for redemption upon the Dissolution Declaration Date shall be calculated as follows:

- (i) in the case of Sukuk Wakalah with Periodic Distributions and issued at a discount:

The aggregate of unearned Expected Periodic Distribution Amount and the unearned discounted amount;

- (ii) in the case of Sukuk Wakalah without Periodic Distributions and issued at a discount:

The unearned discounted amount;

- (iii) in the case of Sukuk Wakalah with Periodic Distributions and issued at par:

The unearned Expected Periodic Distribution Amount;

- (iv) in the case of Sukuk Wakalah with Periodic Distributions and issued at a premium:

The unearned Expected Periodic Distribution Amount.

The Ibra' in relation to (i), (ii), (iii) and (iv) above, shall be calculated from the Dissolution Declaration Date up to the Sukuk Wakalah's respective Scheduled Dissolution Date.

In relation to item (2) above, Ibra' shall be an amount equivalent to the difference, if any, between the Periodic Distributions calculated based on the agreed ceiling rate and the Periodic Distributions calculated based on the effective rate.

For the avoidance of doubt, Ibra' will be applicable to the Commodity Murabahah Investment portion of the Wakalah Investments i.e. the Deferred Sale Price only.

For the avoidance of doubt, any double counting shall be disregarded.

(32) **Kafalah** : Not applicable.

(33) **Other terms and conditions:**

- (i) **Details on utilisation of proceeds by Issuer** : The proceeds from the Sukuk Wakalah Programme shall be utilised for the following Shariah-compliant purposes:
- (i) For general corporate purposes of PKPP and/or any member of the PKPP Group, to fund the capital expenditure of PKPP and/or any member of the PKPP Group, including acquisition of brownfield plantations or other type of Shariah-compliant assets; and
 - (ii) To redeem any maturing Sukuk Wakalah issued under the Sukuk Wakalah Programme and to defray fees and expenses payable for the establishment of the Sukuk Wakalah Programme.

- (ii) **Issue conditions** : The Sukuk Wakalah may be issued in multiples of RM1,000, subject to the PayNet Rules and Procedures (as defined below), as amended or substituted from time to time, and other standard conditions including the following:
- (1) a minimum issue size of RM10.0 million for each issue; and
 - (2) the issue notice shall be given to the Facility Agent at least eight (8) Business Days (for the first issue) or six (6) Business Days (for subsequent issuance(s)) prior to and excluding the date of proposed issue; and
 - (3) any amount redeemed may be reissued provided that the outstanding nominal value of the Sukuk Wakalah shall not exceed the size of Sukuk Wakalah Programme.

PayNet Rules and Procedures refers to (1) the Participation and Operation Rules for Payments and Securities Services issued by PayNet and (2) the Operational Procedures for Securities Services” issued by PayNet, or their replacement thereof, applicable from time to time.

- (iii) **Tenure of the Sukuk Wakalah** : The tenure of the Sukuk Wakalah shall be more than one (1) year and up to twenty (20) years, provided that the Sukuk Wakalah mature prior to the expiry of the Sukuk Wakalah Programme.
- (iv) **Option to Upsize** : The Issuer shall have the option to increase the size of the Sukuk Wakalah Programme provided that:
- (a) such increase will not result in any adverse impact on the rating of the Sukuk Wakalah Programme;
 - (b) the relevant requirements under the LOLA Guidelines in relation to such upsizing have been complied with; and
 - (c) the relevant regulatory approvals have been obtained, including but not limited to approvals from MOF and Pahang State (if applicable).

The Trust Deed will provide that the Sukukholders consent to any upsizing of the Sukuk Wakalah Programme limit from time to time. Accordingly, no consent will be required from the Sukukholders or the Sukuk Trustee for the Issuer to

exercise the option to increase the limit of the Sukuk Wakalah Programme from time to time.

- (v) **Profit / coupon / rental rate** : The Sukuk Wakalah may be issued with or without Periodic Distributions.

For Sukuk Wakalah with Periodic Distributions, the expected periodic distribution rate ("**Periodic Distribution Rate**") can be on fixed rate or floating rate basis and shall be determined prior to each issuance of Sukuk Wakalah.

For Sukuk Wakalah issued on floating rate basis, the Periodic Distribution Rate shall be the effective rate which is a credit spread (%) per annum (to be determined prior to each issuance) above the cost of funds of the relevant financial institution or such other reference to be agreed between the Issuer and the placees/investors. The effective rate shall not exceed the agreed ceiling rate. In the event the effective rate exceeds the agreed ceiling rate on a particular Periodic Distribution Date, the Issuer shall be obligated to pay the Periodic Distribution at the agreed ceiling rate. Ibra' shall be granted in the event the effective rate is lower than the ceiling rate.

Not applicable for Sukuk Wakalah without Periodic Distributions.

- (vi) **Profit / coupon / rental payment frequency** : For Sukuk Wakalah with Periodic Distributions, the payment frequency of the Periodic Distributions shall be semi-annual in arrears ("**Periodic Distribution Date**") from the issue date of the respective Sukuk Wakalah.

Not applicable for Sukuk Wakalah without Periodic Distributions.

- (vii) **Profit / coupon / rental payment basis** : For Sukuk Wakalah with Periodic Distributions, the Periodic Distributions shall be calculated on the basis of the actual/365 days ("**Periodic Distribution Basis**").

Not applicable for Sukuk Wakalah without Periodic Distributions.

The "**Expected Periodic Distribution Amount**" on any relevant Periodic Distribution Date is calculated at the Periodic Distribution Rate on the nominal value of the relevant tranche of the Sukuk Wakalah based on the Periodic Distribution Basis.

- (viii) **Purchase and selling price** : In respect of the Commodity Murabahah Investment, the Commodity Purchase Price and the Deferred Sale Price are to be determined prior to each issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme.

The Commodity Purchase Price shall be in accordance with the asset pricing requirements stipulated under the LOLA Guidelines.

For avoidance of doubt, for any Sukuk Wakalah issued on floating rate basis, the Expected Periodic Distribution Amount for calculation of the Deferred Sale Price shall be based on the agreed ceiling rate to be determined and agreed between the Issuer and the placees/investors prior to the date of issuance of the Sukuk Wakalah.

- (ix) **Dissolution Distribution Amount** : Dissolution Distribution Amount:

On the Scheduled Dissolution Date:

- (a) in the case of Sukuk Wakalah with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Wakalah; plus
- (ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date.

- (b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the nominal value of the Sukuk Wakalah.

On the Dissolution Declaration Date:

- (a) in the case of Sukuk Wakalah with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Wakalah (or in the case of Sukuk Wakalah issued at discount, the accreted value of the Sukuk Wakalah); plus

(ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date.

(b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the accreted value of the Sukuk Wakalah.

(x) Status : The Sukuk Wakalah, pursuant to the relevant Transaction Documents, will constitute the Sukukholders' undivided beneficial interest in the Wakalah Investments in respect of the relevant tranche of the Sukuk Wakalah and shall at all times rank pari passu and rateably, without any discrimination, preference or priority among themselves subject to priorities or rights preferred by law.

The obligations of the Issuer pursuant to the Transaction Documents (including the Purchase Undertaking, the Sale Agreement and the Purchase Order) in connection with the Sukuk Wakalah shall constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority among themselves and at least ranked pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to the provisions of the Transaction Documents and those preferred by law.

(xi) Redemption : Unless previously purchased and cancelled, the Sukuk Wakalah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates or upon declaration of a Dissolution Event, whichever is earlier.

(xii) Form and denomination : Each Sukuk Wakalah shall be issued in accordance with PayNet Rules and Procedures and any other procedures / guidelines / rules issued by the relevant authorities from time to time (as amended and/or substituted from time to time). Each Sukuk Wakalah shall be represented by a global certificate to be deposited with BNM, and is exchangeable for definitive bearer certificates only in certain limited circumstances. The denomination of the Sukuk Wakalah shall be RM1,000 or in multiples of RM1,000 or such other denomination as may be mutually agreed by the Issuer and the LM as may be allowed under the PayNet Rules and Procedures.

- (xiii) **Transaction documents** : The Transaction Documents for a facility of this nature, would include, inter alia:
- (i) Programme Agreement;
 - (ii) Trust Deed;
 - (iii) Securities Lodgement Form;
 - (iv) Subscription Agreement;
 - (v) Agreements in respect of the underlying Shariah principle;
 - (vi) Security documents;
 - (vii) Such other agreements as may be advised by the Solicitor.
- (xiv) **Trustees' Reimbursement Account** : The Issuer shall open or procure the opening of and maintain a Shariah-compliant "**Trustees' Reimbursement Account**" with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) deposited therein by the Issuer (which shall be maintained at all times by the Issuer throughout the tenure of the Sukuk Wakalah Programme). In the event that the amount outstanding to the credit of the Trustees' Reimbursement Account falls below Ringgit Malaysia Thirty Thousand (RM30,000.00) at any time during the tenure of the Sukuk Wakalah Programme, the Issuer shall immediately remit such amount as to maintain the balance in the Trustees' Reimbursement Account at Ringgit Malaysia Thirty Thousand (RM30,000.00). The Trustees' Reimbursement Account shall be operated solely by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee for the purpose of carrying out its duties in relation to the occurrence of a Dissolution Event or the enforcement of any rights and remedies of the Sukuk Trustee under the Transaction Documents. Any unutilised money in the Trustees' Reimbursement Account shall be returned to the Issuer upon the expiry of the tenure of the Sukuk Wakalah Programme and the full redemption of the Sukuk Wakalah provided always that no Dissolution Event has occurred and is continuing and there are no other amounts due under the Transaction Documents.
- (xv) **Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional

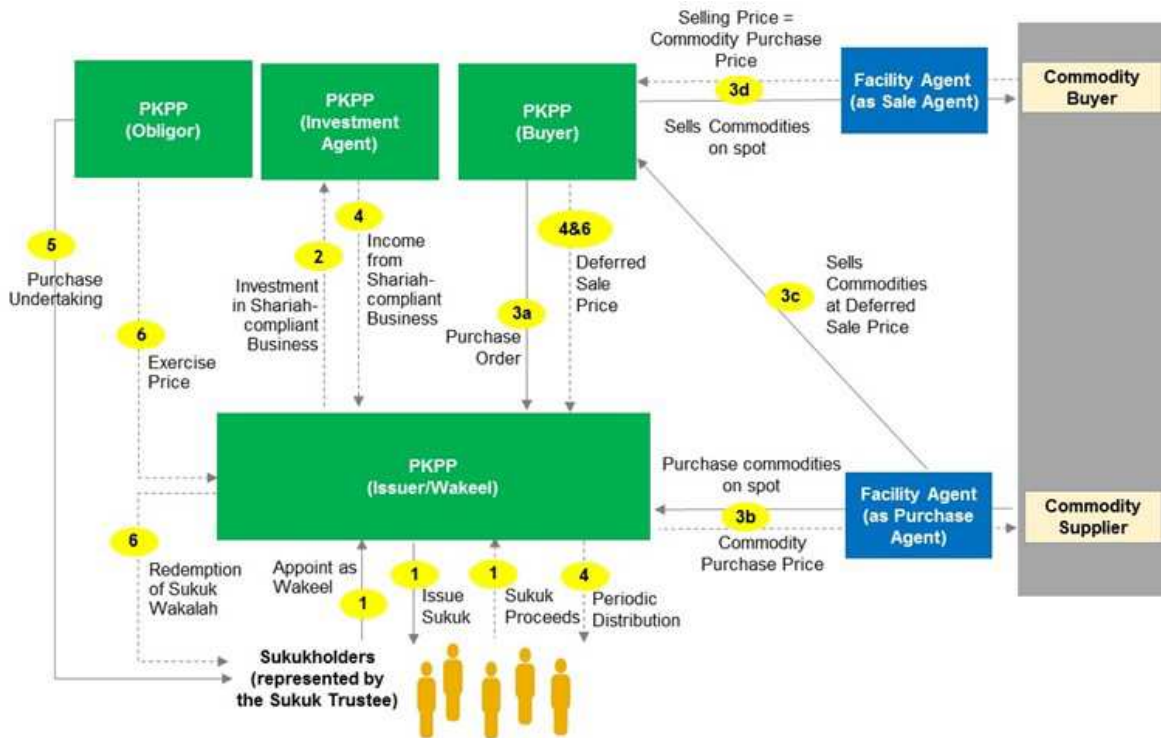
amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.

(xvi) Other conditions : The Sukuk Wakalah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Sukuk Wakalah, and the PayNet Rules and Procedures.

(xvii) Jurisdiction : The Issuer shall irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Malaysia.

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Transaction diagram



- (1) Pursuant to a Wakalah agreement (“**Wakalah Agreement**”) entered into between the Sukuk Trustee (acting on behalf of the investors of the Sukuk Wakalah (“**Sukukholders**”)) and the Issuer of the Sukuk Wakalah Programme (“**Issuer**”), the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint the Issuer to act as its agent (“**Wakeel**”) to perform services which will include investing the Sukuk Proceeds (as defined below) in the Wakalah Investments (as defined below).

The Issuer shall, from time to time, issue Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds (“**Sukuk Proceeds**”).

- (2) The Issuer, in its capacity as the Wakeel, shall declare a trust over the Sukuk Proceeds and over the Wakalah Investments acquired using the Sukuk Proceeds. The Sukuk Wakalah shall represent the Sukukholders’ undivided and proportionate beneficial interest in the Trust Assets. The “Trust Assets” shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the transaction documents for the Sukuk Wakalah Programme (“**Transaction Documents**”).

The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of:

- (i) Shariah-compliant business operation of the Issuer’s subsidiaries, which shall be identified prior to issuance of the Sukuk Wakalah (“**Shariah-compliant Business**”); and
- (ii) Shariah-compliant commodities (“**Commodities**”) purchased and sold under the Shariah principle of Murabahah (“**Commodity Murabahah Investment**”).

The investments described in (i) and (ii) above shall collectively be referred to as the **“Wakalah Investments”**.

Shariah-compliant Business

Pursuant to an investment agreement between the Wakeel and PKPP, as the investment agent (**“Investment Agent”**), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The Shariah-compliant Business shall be managed by PKPP as the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment. For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each tranche of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that the Shariah-compliant Business shall at all times be a component of the Wakalah Investments.

Commodity Murabahah Investment

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

- (3) The Commodity Murabahah Investment shall be effected as follows:
- (a) The Issuer as the buyer (**“Buyer”**) shall issue a purchase order (**“Purchase Order”**) to the Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price (as defined below).
 - (b) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) (via the Facility Agent as the purchase agent (**“Purchase Agent”**)) shall appoint a commodity trading participant (**“CTP”**) for purchase of Commodities on spot basis from the commodity supplier(s) at Bursa Suq Al-Sila’ or such other independent commodity broker acceptable to the Shariah Adviser (**“Commodity Supplier”**) at a purchase price equivalent to the remaining balance of the Sukuk Proceeds (**“Commodity Purchase Price”**).
 - (c) Upon acquiring the Commodities, the Purchase Agent on behalf of the Wakeel (for the benefit of the Sukukholders) will thereafter sell those Commodities to the Buyer for a price equivalent to the Commodity Purchase Price plus the profit margin and shall be payable on deferred payment basis (**“Deferred Sale Price”**). For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic Distribution Amount (as defined), if any, and the nominal value of the corresponding tranche of the respective Sukuk Wakalah.
 - (d) The Buyer (via the Facility Agent as the sale agent (**“Sale Agent”**)) shall appoint the CTP, who will immediately sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd or such other independent commodity broker acceptable to the Shariah Adviser (**“Commodity Buyer”**) on spot basis for cash, equivalent to the Commodity Purchase Price.

- (4) In respect of Sukuk Wakalah with Periodic Distributions (as defined herein), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions ("**Periodic Distributions**") based on the Periodic Distribution Rate (as defined herein) on a fixed rate or floating rate basis. In respect of Sukuk Wakalah without Periodic Distributions, the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one-off basis upon the maturity date ("**Scheduled Dissolution Date**") or upon the declaration that a Dissolution Event (as defined herein) has occurred ("**Dissolution Declaration Date**").

On (i) each Periodic Distribution Date; (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable and/or the Dissolution Distribution Amount (as defined herein) due and payable under the Sukuk Wakalah (as the case may be) shall be waived by the Sukukholders and retained by PKPP as an incentive fee for its services as Investment Agent in managing the Shariah-compliant Business under the Wakalah Investment.

- (5) The Issuer (as the Obligor) shall grant a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date, whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the sale agreement ("**Sale Agreement**"). The "Exercise Price" for the purchase of the Shariah-compliant Business shall be at the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.
- (6) Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra' if applicable) and any returns generated shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount, on the Scheduled Dissolution Date or the Dissolution Declaration Date, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and be retained by the Investment Agent as incentive fee. Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

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Section 3.0

CORPORATE INFORMATION OF THE ISSUER

3.1 CORPORATE BACKGROUND

3.1.1 The Issuer

PKPP was established as a statutory body, under the name of Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang (“**LKPP**”) on 15 November 1969 pursuant to the Emergency Enactment Pahang No 2/1969 passed by the Pahang State Legislative Assembly on 1 April 1971 under Enactment Pahang No 7/1971 (revised 2002). The enactment was thereafter replaced by the current Enactment Pahang No 14/2016 (“**Enactment**”) after which LKPP adopt its current name, PKPP.

PKPP’s operation can be broadly categorized into two; i.e. social and commercial where it has been tasked with improving the living standards of the rural community by implementing various programmes for the development of agricultural and entrepreneurs’ activities in the rural areas in addition to its main focus in developing Pahang’s agricultural sector.

The group is mainly involved in oil palm plantations with planted area of about 42,000 ha spread across 27 estates with two palm oil mills (as at the date of the IM). It is currently in the midst of acquiring 16,500 ha of brownfield oil palm estates which would boost its planted area further to circa 56,000 ha.

The principal place of business of the Issuer is Bangunan PKPP, Jalan Gambut, 25990 Kuantan, Pahang Darul Makmur.

As at 30 June 2020, the Issuer has five (5) wholly owned subsidiary companies and six (6) associated companies undertaking activities related to its main functions which include agriculture, breeding livestock, real estate development and manufacturing of medicines.

3.1.2 Principal Activities

The Issuer is primarily involved in the agricultural sector which includes palm oil, coconuts and rice plantations. Collectively, PKPP Group owns approximately 42,000 hectares of palm oil plantations spanning across the state of Pahang. PKPP, through its subsidiaries, is also involved in other agricultural activities such as breeding livestock and dairy cattle, shrimp farming and chicken production. Other than agricultural activities, PKPP Group is also involved in several other sectors such as tourism and agro-tourism and property development.

Apart from being a state government agency, PKPP is also an agency under the Ministry of Rural Development (“**MRD**”). As such, PKPP is also involved in various development projects and/or programmes in the state of Pahang where it is also responsible to develop the rural community within the state of Pahang. As at 30 June 2020, there were approximately 12,000 families that participated in five (5) social programmes initiated and managed by PKPP namely, Rancangan Tanah Pemuda (“**RTP**”), Rancangan

Penempatan Semula Keselamatan (“**RPSK**”), Rancangan Penempatan Semula Banjir (“**RPSB**”), Rancangan Tanah Pinggir and Rancangan Ladang Kecil (“**RLK**”), all of which were arranged in the various districts of Pahang to achieve its social objectives.

3.1.3 Vision, Mission and Objective of the Issuer

Vision

To become the leading entity of the agricultural sector in the State of Pahang by 2025.

Mission

To optimize agricultural potential as wealth resources.

Objective

- (a) To advance the development of the agriculture industry including the cultivation of paddy designated in Pahang for this purpose;
- (b) To carry out all ventures directly or indirectly by way of facilitating other agencies in developing the agriculture industry including the cultivation of paddy; and
- (c) To carry out all other obligations of PKPP under the Enactment.

3.1.4 Share capital & Shareholding Structure of PKPP

Not applicable as PKPP is a statutory body incorporated under the Enactment. PKPP's affairs are directed by the Board which acts as policymakers, as stipulated in the Enactment.

3.1.5 Profile of the Board of PKPP

Pursuant to Section 4(1) of the Enactment, the Board comprises of:

- (a) the Menteri Besar or any person nominated by the Menteri Besar as the Chairman;
- (b) a Deputy Chairman appointed by the Menteri Besar;
- (c) the State Secretary;
- (d) the State Legal Advisor;
- (e) the State Financial Officer;
- (f) the State Director of Land and Mines;

- (g) two persons who shall be members of the State Legislative Assembly appointed by the Menteri Besar;
- (h) three representatives of the Federal Government appointed by the Minister; and
- (i) a person who has an expertise in certain areas appointed by the Menteri Besar.

The current Board of PKPP and their respective profiles as at 30 June 2020 are as follows:

(a) **YAB. Dato' Sri Haji Wan Rosdy bin Wan Ismail**

Aged 62. Appointed as member of the Board of PKPP on 15 May 2018. YAB. Dato' Sri Haji Wan Rosdy was appointed as the Chairman of PKPP on 15 May 2018 pursuant to Section 4 of the Enactment. He currently serves as the Menteri Besar Pahang and is a member of the State Legislative Assembly of Pahang representing Jelai, Lipis.

He received his Bachelor in Social Science from University of Science Malaysia and Diploma in Trade Studies from Institut Teknologi Mara (now known as Universiti Teknologi MARA).

(b) **YB. Dato' Sri Haji Shahiruddin bin Ab.Moin**

Aged 64. Appointed as member of the Board of PKPP on 15 July 1997. YB. Dato' Sri Haji Shahiruddin is a Member of the State Legislative Assembly of Pahang representing Dong, Raub. YB. Dato' Sri Haji Shahiruddin received his Bachelor Degree in Economics from University of Malaya.

YB. Dato' Sri Haji Shahiruddin had served the Central Bank of Malaysia as a Senior Administration Officer and as a General Manager for the Koperasi Belia Nasional.

(c) **YB. Dato' Sri Dr. Sallehuddin bin Ishak**

Aged 58. Appointed as member of the Board of PKPP on 7 January 2019. YB. Dato' Sri Dr. Sallehuddin is currently the State Secretary of Pahang. He holds a Ph.D in Urban Environmental Planning from Glasgow University, Scotland.

He has previously served in various positions in the Ministry of Land and Cooperative Development and Ministry of Natural Resources and Environment as well as was the Director of the Land and Mines of Pahang.

(d) **YB. Dato' Sri Haji Shamsulbahri bin Haji Ibrahim**

Aged 54. Appointed as member of the Board of PKPP on 1 January 2017. YB. Dato' Sri Haji Shamsulbahri is currently the State Legal Adviser of Pahang and

also the Official of the State Government Council. He holds Master of Laws (LL.M) from National University of Malaysia and Bachelor in Laws (LL.B) from International Islamic University Malaysia. He has held various positions including as Senior Federal Counsel and Senior Draftsman before being appointed as the State Legal Adviser of Pahang.

(e) **YH. Dato' Indera Nazri bin Abu Bakar**

Aged 53. Appointed as member of the Board of PKPP on 1 January 2016. YH. Dato' Indera Nazri bin Abu Bakar is currently the State Finance Officer of Pahang. YH. Dato' Indera Nazri graduated from Universiti Sains Malaysia in Bachelor in Human Science. He had worked in various positions in Ministry of Land and Cooperative Development including Assistant Secretary and Director of Administration and Services and was appointed as the Director of Land and Mines of Pahang before he became the State Finance Officer of Pahang.

(f) **YH. Dato' Sri Kamaruddin bin Mohammed**

Aged 72. Appointed as member of the Board of PKPP on 7 March 2007. He is currently the Group Executive Chairman of Far East Holdings Berhad. He obtained the Diploma in Business Studies from Maktab MARA (now known as Universiti Teknologi MARA) and holds the certificate from Securities Institute of Australia and Asian Institute of Management in Manila, Philippines. He is also a Senior Fellow of the Financial Services Institute of Australasia (SF Fin).

YH. Dato' Sri Kamaruddin has held various senior positions in Pelaburan MARA Berhad including as Group Executive Director, Group Chief Executive officer and Group Managing Director before being appointed as the Deputy Chairman/Advisor.

(g) **YH. Dato' Indera Haji Zulkifli bin Haji Yaacob**

Aged 56. Appointed as member of the Board of PKPP on 1 March 2016. YH. Dato' Indera Haji Zulkifli is currently the Director of Development of Pahang. He received his Master Degree in Urban Planning Science from University of Wales, United Kingdom. YH. Dato' Indera Haji Zulkifli also holds Bachelor in Public Administration from Universiti Utara Malaysia. He also holds Diploma in Public Management from University of Wales, United Kingdom and Diploma in Public Administration from Universiti Teknologi Malaysia.

YH. Dato' Indera Haji Zulkifli has served in various positions with the Pahang State before assuming his present position as the Director of Development of Pahang.

(h) **YH. Dato' Haji Fadzilla bin Haji Salleh**

Aged 52. Appointed as member of the Board of PKPP on 3 February 2020. YH. Dato' Haji Fadzilla bin Haji Salleh is currently the State Director of Land and Mines of Pahang. He received his Master of Science (Land Resources Management)

from University Putra Malaysia. YH. Dato' Haji Fadzilla also holds Bachelor of Islamic Revealed Knowledge and Heritage from International Islamic University Malaysia. He also holds Diploma in Arabic and Literature from University Sultan Zainal Abidin. YH. Dato' Haji Fadzilla has served in various positions with the Pahang State and was appointed as the Deputy State Secretary (Development) before he became the Director of Land and Mines of Pahang.

(i) **YB. Dato' Mohd. Fadil bin Osman**

Aged 55. Appointed as member of the Board of PKPP on 1 January 2009. YB. Dato' Mohd. Fadil is a Member of the State Legislative Assembly of Pahang representing Kemayan, Bera. He holds the Master of Science in Plant Management and a Diploma in Agricultural Engineering.

He began his career as the estate manager before he was appointed as the Member of the Rural Development Exco Committee and Native Affairs. YB. Dato' Mohd. Fadil had served multiple divisions of Exco Committee including Unity, FELDA Affairs and Housing Division.

(j) **YB. Dato' Haji Nor Azmi bin Mat Ludin**

Aged 57. Appointed as member of the Board of PKPP on 1 January 2019. YB. Dato' Haji Nor Azmi is a Member of the State Legislative Assembly of Pahang representing Kuala Semantan, Temerloh. He is also currently the Deputy Chairman of the Committee on Local Government and Housing Pahang. He had received his education from Sekolah Menengah Sulaiman and Sekolah Menengah Lanchang.

YB. Dato' Haji Nor Azmi has held various positions in UMNO including Youth Exco Committee, Vice Chairman for UMNO Youth, Branch Youth Chief, UMNO Committee of Mentakab and Temerloh and UMNO Chief of Mempateh. In 2013 until today, he is the Vice Chairman of UMNO in Temerloh.

(k) **Encik Abdul Malik bin Othman**

Aged 39. Appointed as member of the Board of PKPP on 26 February 2018. Encik Abdul Malik currently holds the position as the Assistant Secretary for Coordination and Monitoring Division of Ministry of Rural Development. He graduated with Bachelor in Political Science from University of Malaya.

He started his career at Publishing and Text Control of the Quran Section of the Ministry of Home Affairs. Then, he served the Department of Education of Pahang as well as the Ministry of Education Malaysia.

(l) **Puan Masila binti Ya'kub**

Aged 45. Appointed as member of the Board of PKPP on 1 July 2015. Puan Masila hold the Master in Business Administration from National University of

Malaysia. She also holds the Bachelor Degree in Management (Marketing) from Science University of Malaysia and Diploma in Public Administration from INTAN.

Puan Masila is currently serving in the Ministry of Finance as the Section Head, Human Resources Management Section, Remuneration Policy and Management Division.

3.1.6 Senior Management Team of PKPP

The senior management team of PKPP and their respective positions as at 30 June 2020 are as follows:

Name	Position
YH. Dato' Suhaimi Bin Mohd Yunus	Chief Executive Officer
Sarwah Binti Mohamed Jusoh	Vice Chief Executive Officer
Sharifah Norjannah Binti Syed Agil	Administration and Human Resource Manager
Emilia Binti Zainal Abidin	Finance Manager
Mohd Hanafi Bin Sh Abdul Hamid	Planning and Corporate Affairs Manager
Roslan Bin Mohd Ali	Project Development and Evaluation Manager
Encik Azlin bin Abd Halim	Social Project Development Officer
Ahmad Hisham Bin Abdul Halim	Research and Development Manager
Noor Lili Binti Mohd Amin	Head of Internal Audit Unit

3.1.7 Key Financial Highlights of PKPP Group

PKPP Group of companies	Unaudited^ FYE 2019 RM'000	Audited FYE 2018 RM'000	Audited FYE 2017 RM'000
Revenue	449,154	447,437	626,182
Profit before tax	13,236	98,680	211,408

PKPP Group of companies	Unaudited[^] FYE 2019 RM'000	Audited FYE 2018 RM'000	Audited FYE 2017 RM'000
Profit after tax	89	64,424	179,412
Current assets	1,156,399	1,356,808	937,847
Long term assets	1,661,517	1,468,336	1,603,097
Total assets	2,817,916	2,825,144	2,540,944
Current liabilities	193,278	187,299	206,112
Long term liabilities	170,137	197,421	188,388
Total liabilities	363,416	384,720	394,500
Total equity	2,454,500	2,440,424	2,146,444

[^] Based on unaudited account for PKPP Group for the twelve (12) months ended 31 December 2019.

Notes:

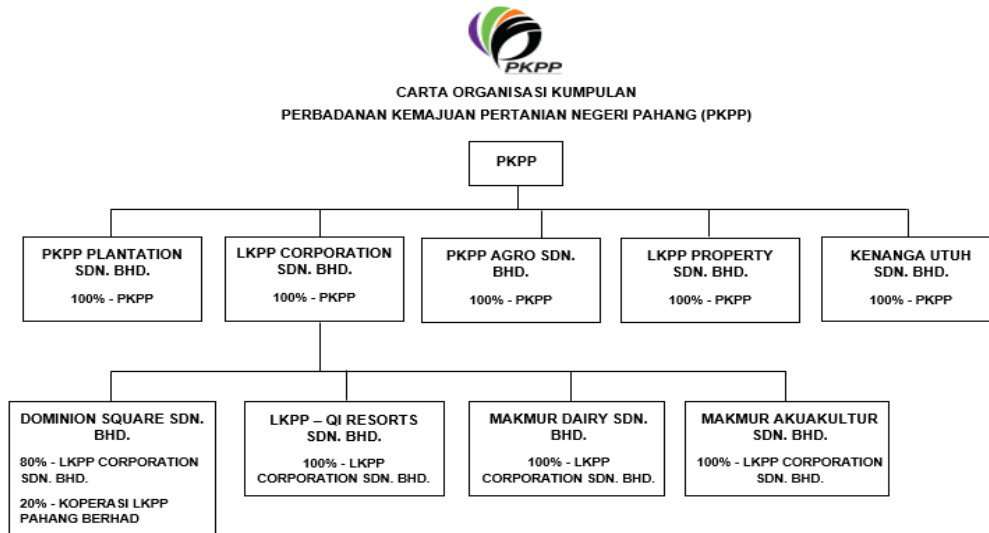
- (1) PKPP group of companies comprise of PKPP, its subsidiary companies and share of results of associate companies. PKPP's financial numbers are statutorily audited by the auditor general on yearly basis prior to the same being published publicly.
- (2) Based on the unaudited account for PKPP Group for FYE 2019, there was a drop in profit compared to FYE 2018. The significant decline in operating profit for FYE2019 was due to higher other income recorded in FYE 2018 due to some adjustments that were made during FYE2018 on the share price of PKPP's associate company, Far East Holdings Berhad, which had resulted in the gain on fair value adjustments amounted to RM102.5 million. Furthermore, there was also a decline by 54.8% in the dividend income and interest income for FYE 2019 with RM28.3 million received from PKPP's subsidiaries, associates and PKPP's other investments compared to the dividend income and interest income received during FYE 2018, which was in the sum of RM51.6 million. In addition, PKPP had to also bear losses of RM8.3 million for the disposal of its social project during FYE 2019.

3.1.8 Cashflow Forecast & Projections of PKPP

PKPP's cashflow forecast and projection for the FYE 2020 to FYE 2030 and key assumptions as prepared by the Issuer are set out in Appendix 2.

The cashflow forecast and projection for the FYE 2020 to FYE 2030 have been prepared based on the Board of PKPP's assessment of the present economic and operating conditions; and forecast and projection assumptions regarding future events and actions, of which, as at the date of the Information Memorandum, the Board of PKPP expect to take place. The key assumptions are set out in the notes to the cashflow forecast and projection. The cashflow forecast and projection of PKPP have been prepared on the basis of the calculations and assumptions made by the Board of PKPP, for which the Board of PKPP is solely responsible. The functional currency of the PKPP is Ringgit Malaysia ("RM").

3.2 PKPP GROUP OF COMPANIES



3.2.1 Subsidiary Companies

The following are the relevant particulars of the subsidiary companies of PKPP as at 30 June 2020:

Name	Effective Equity Interest (%)	Principal Activities
LKPP Corporation Sdn. Bhd.	100	Cultivation and processing of oil palm; Sale of palm oil, fresh fruit bunches and palm kernel; Oil palm estates management; Managing and operating Agro Tourism Resort, and Developing, marketing and selling computer software

Name	Effective Equity Interest (%)	Principal Activities
PKPP Agro Sdn. Bhd.	100	Agriculture
PKPP Plantation Sdn. Bhd.	100	Agriculture
Kenanga Utuh Sdn. Bhd.	100	Hotel management and operation
LKPP Property Sdn. Bhd.	100	Real estate development
Xorix Sdn. Bhd.*	60.67	Pharmaceutical and manufacturing

Note:

* The Board had during its meeting on 25 July 2019 resolved to dispose PKPP's shareholdings in Xorix Sdn. Bhd. to a potential investor. However, PKPP has yet to enter into any share sale agreement as at the date of this Information Memorandum. At an Extraordinary General Meeting of Xorix Sdn Bhd on 18 November 2019 PKPP had agreed to convert 4,800,000 units of preference shares held under the name of PKPP to ordinary shares, hence increasing PKPP's shareholding in Xorix Sdn Bhd to 60.67% (for FYE 2018, Xorix Sdn Bhd was as associate company of PKPP with 46% shareholding).

3.2.2 Associate Companies

The following are the relevant particulars of the associate companies of PKPP as at 30 June 2020:

Name	Effective Percentage Holdings (%)	Principal Activities
LKPP Goldkist Sdn. Bhd.	40	Breeding of chicken
Astral Asia Plantation Sdn Bhd	35	Plantation
Astral Asia Berhad	26.91	Investment holding
Far East Holdings Berhad	25.18	Cultivation and processing of oil palm; Sale of palm oil, fresh fruit bunches and palm kernel; Oil palm estates management
Tanah Makmur Berhad	24.08	Plantation and real estate development
Pahang Coconut Valley Corporation Sdn. Bhd.	20	Agriculture

3.2.3 LCSB as the Material Subsidiary of PKPP

LCSB is a subsidiary of the Issuer and as at 30 June 2020 it qualifies as a “material subsidiary” as defined in the PTC with its contribution of approximately thirty per cent (30%) to the Issuer’s consolidated profit after tax and zakat based on the FYE 2018 annual audited consolidated financial statements of PKPP. The main businesses of LCSB are cultivation and processing of oil palm, sale of palm oil, fresh fruit bunches and palm kernel and oil palm estates management.

(a) Share Capital of LCSB

As at 30 June 2020, the issued share capital of LCSB is RM110,207,805.00 (inclusive of share premium).

(b) Shareholder of LCSB

LCSB is wholly owned by PKPP.

(c) Subsidiary Companies of LCSB

The following are the relevant particulars of the subsidiary companies of LCSB:

Name	Effective Equity Interest (%)	Principal Activities
LKPP-QI Resorts Sendirian Berhad	100	Renting out of training centre
Makmur Dairy Sdn Bhd	100	Business of dairying and livestock farming, cultivation of oil palm and other related activities
Dominion Square Sdn Bhd	80	Processing and sale of crude palm oil, sale of palm kernel, sale of bio-organic fertiliser
Makmur Akuakultur Sdn Bhd	100	Shrimp farming and other related activities

3.2.4 Profile of Directors of LCSB

The board of directors of LCSB and their respective profiles as at 30 June 2020 are as follows:

(a) **YAB. Dato' Sri Haji Wan Rosdy bin Wan Ismail**

Aged 62. Dato' Sri Haji Wan Rosdy was appointed as the Director cum Chairman of LCSB on 28 June 2019 pursuant to the Company's Board Circular Resolution dated 28 June 2019.

He currently serves as the Menteri Besar of Pahang and is a member of the State Legislative Assembly of Pahang representing DUN Jelai.

He received his Bachelor in Social Science from University of Science Malaysia and Diploma in Trade Studies from Institut Teknologi Mara (now known as Universiti Teknologi MARA)

(b) **YH Dato' Indera Wan Bakri bin Wan Ismail**

Aged 66. Dato' Indera Wan Bakri was appointed as Director of LCSB on 10 July 2015 pursuant to the Company's Board Circular Resolution dated 22 June 2015.

He was the former Chief Executive Officer of PKPP. Currently, he serves as the Managing Director of the Company where his appointment took effect from 1 April 2019.

He received his Bachelor in Social Science from University of Science Malaysia

(c) **YB Dato' Md Sohaimi bin Mohamed Shah**

Aged 63. Dato' Md Sohaimi was appointed as the Director of LCSB on 1 October 2019 pursuant to the approval from the Company's Board of Directors' Meeting held on 29 August 2019.

He is a member of the State Legislative Assembly of Pahang representing DUN Sungai Lembing.

He received his Bachelor in Science from National University of Malaysia

(d) **YH Dato' Suhaimi bin Mohd Yunus**

Aged 54. Dato' Suhaimi was appointed as the Director of LCSB on 28 Jun 2019 pursuant to the Company's Board Circular Resolution dated 28 June 2019.

He was formerly attached to the Pahang State Economic Planning Division as Deputy State Secretary. He currently serves as the Chief Executive Officer of Perbadanan Kemajuan Pertanian Negeri Pahang.

He received his Bachelor (Drs) in Social Science and Politics from Universiti Gadjah Mada Indonesia and Diploma in Public Administration from INTAN Bukit Kiara.

He also holds a Bachelor of Science in Land Administration & Development from University of Technology Malaysia (UTM).

(e) **YH Dato' Lau Lee**

Aged 63. Dato' Lau was appointed as the Director of LCSB on 1 October 2019 pursuant to the approval from the Company's Board of Directors' Meeting held on 29 August 2019.

He was a former member of the State Legislative Assembly of Pahang representing DUN Damak.

He received his Bachelor of Arts (Honours) and Diploma in Education from University of Malaya

3.2.5 Senior Management Team of LCSB

The senior management team of LCSB and their respective position as at 30 June 2020 are as follows:

Name	Position
Encik Ikhsan Bin Teh	General Manager
Tuan Haji Zulkifli Bin Haji Sabaruddin	Plantation and Livestock Division Manager
Tuan Haji Rahimi Bin Muhammad	Engineering Division Manager
Nordin Bin Yunus	Information Technology and Automation Division Manager
Ahmad Shahrir Bin Mazlan	Business Development & Marketing Division Manager
Abd Aziz Bin Mat Pilus	Agriculture & Agricultural Services Division Manager
Tuan Haji Khairul Annuar Bin Haji Abdul Samad	Administration & Human Resources Division Manager
Encik Armi Bin A. Rahman	Manager of Internal Audit Division
Puan Sariyah Binti Muhamad	Manager of Procurement & Contract Management Division

Name	Position
Encik Abd Hisham Bin Mat Idrus	Manager of the Finance Division

3.2.6 Key Financial Highlights of LCSB Group of Companies

LCSB Group	Audited FYE 2019 RM'000	Audited FYE 2018 RM'000	Audited FYE 2017 RM'000
Revenue	235,962	252,034	366,216
Profit before tax	5,213	20,455	82,451
Profit after tax	429	9,938	60,127
Current assets	610,090	647,356	626,360
Long term assets	246,774	238,907	309,800
Total assets	856,864	886,263	936,160
Current liabilities	71,684	91,923	162,942
Long term liabilities	15,927	15,486	13,371
Total liabilities	87,611	107,409	176,313
Total equity	769,253	778,854	759,847
Gearing	11.4%	13.8%	23.2%

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Section 4.0

BUSINESS OVERVIEW OF PKPP

4.1 PKPP Group's core business segments

PKPP's main business activities are in the sectors of agriculture and investment holding. In particular, the agriculture sector which PKPP is directly involved in is oil palm plantation in the Pahang State, divided into two (2) segments – commercial and social. On the social front, PKPP is responsible for improving the living standards of the rural community via the provision of infrastructure for agricultural development and extend support to projects and entities which the Pahang State has interest. Meanwhile on the commercial front, the PKPP Group focuses on the development of Pahang State's agricultural sector, mainly the oil palm plantation.

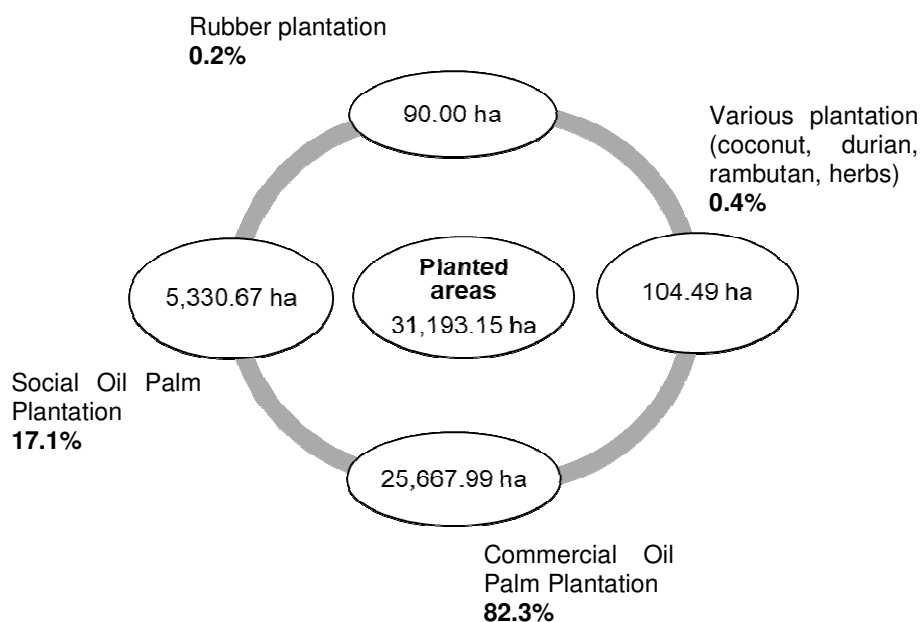
As at 30 June 2020, PKPP Group owns a total of 25,667.99 hectares of commercial plantations comprising twenty-nine (29) estates and a total of 5,330.67 hectares of social plantations comprising fourteen (14) estates. PKPP is also involved in other agriculture activities apart from oil palm such as paddy, coconut, longan, durian and rambutan although the cultivation of these form a small fraction of the total agriculture acreage and revenue contribution to PKPP. In addition to agriculture, PKPP also invests in private limited companies and public listed companies.

LCSB's main business is in the agriculture sector, mainly in oil palm plantation and palm oil processing as well as agro tourism, organic fertilisers and dairy through its subsidiaries. LCSB manages all the oil palm plantations of PKPP in addition to its own oil palm plantation. It also owns a palm oil mill at Lepar, Pekan, Pahang and through its subsidiary another palm oil mill at Ladang Sri Menanti, Kuantan Pahang.

In total, LSCB owns a total of 9,073.14 hectares of oil palm plantation comprising six (6) estates. LCSB also manages PKPP's land comprising of commercial, social, Koperasi LKPP Pahang Berhad, individual lot and joint venture estates.

The diagram below provides an illustration of the total hectares of land owned by PKPP:

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4.1.1 Agriculture

(a) PKPP

Agriculture, in particular palm oil plantation activities, are one of the core business conducted by PKPP Group. The plantation activities principally comprise the cultivation of oil palms, harvesting of FFB and milling of FFB into CPO. PKPP's oil palm landbank are all located in Pahang State in Malaysia with a total of approximately 25,667.99 hectare as at 30 June 2020. As at 30 June 2020, PKPP owns 29 commercial palm oil plantations.

As at 30 June 2020, it has a total of 30,998.66 hectare of planted area, 87% of which is mature trees. The total yield of FFB for PKPP owned plantations as at 30 June 2020 is 176,301.36 mt with average yield per hectare of 6.58 mt.

(b) LCSB

LCSB on the other hand has oil palm landbank in Malaysia of approximately 9,094.67 hectare as at 30 June 2020, comprising about 8,936.38 hectare directly held by LCSB and 158.29 hectare by its subsidiary companies. As at 30 June 2020, LCSB owns 8,936.38 commercial palm oil plantations consisting of six (6) estates namely Lepar Besar, Lepar Baru, T1T2, Chini and Angsana, Sri Meranti and Sri Pelawan and Nenasi. It is to be noted however that LCSB also manages PKPP's palm oil plantations in addition to its own, as well as that of Koperasi PKPP, individual lot and joint venture estates. Currently, there are 20 estate centres which are under the management of LCSB, with each centre managing several estates. Six (6) of the estate centres are involved in integrated livestock production. In total, as at 30 June 2020, there are approximately 43,383.00 hectare which are under the management of LCSB.

As at 30 June 2020, LCSB has a total of 8,936.38 hectare planted area, 54.9% of which is mature trees. The total yield of FFB for LCSB owned plantations for 30 June 2020 is 44,758.30 m/t with yield hectare of 8.46 m/t.

LCSB also produces CPO through its subsidiary Dominion Square Sdn Bhd. As at 30 June 2020, the mill produced approximately 17,833.51 m/t of CPO. The oil palm mill plant was built on a 21 hectares site in Ladang Sri Meranti, Kuantan where it began operation in 2003. The mill is able to process 40 tons of FFB per hour and there is a plan to increase its production capacity to 60 tons of FFB per hour.

In addition, LCSB also has a palm oil mill built on a 30.88 hectares site in Ladang Lepar Baru, Pekan which began its operation in the year 1997. The mill produced approximately 14,607.60 m/t of CPO for the FYE 2019 and is capable of processing as much as 60 tons of FFB per hour.

Apart from oil palm, LCSB had also ventured into the agro tourism industry and recreation activity through, Agro Resort Semuji, a 75.62 hectares land located at KM 42 Kuantan-Kuala Lumpur highway. LCSB is also involved in producing and manufacturing organic fertilizer which is known as Makmur Bio-Organic Fertilizer and through its subsidiary, Makmur Dairy Sdn Bhd, produces 3 main products which are fresh milk, yogurt and variety flavoured fresh milk.

(c) Breakdown of the palm oil plantation of PKPP Group as at 30 June 2020

(i) PKPP

Oil palm area (ha)	PKPP
Mature (>4 years)	26,837.42
Immature (<4 years)	4,161.24
Total own planted area	30,998.66
Unplanted area	2,603.38
Total land area	33,602.04
FFB production (mt)*	176,301.36
Yield per mature ha (mt)*	6.58
CPO (RM/mt)	2,434.00
PK (RM/mt)	1,474.00

**Average FFB production and yield per mature ha for the six (6) months up to 30 June 2020*

(ii) **PKPP's subsidiaries**

Oil palm area (ha)	LCSB	LKPP PROPERTY SDN. BHD.
Mature (>4 years)	4,903.06	704.14
Immature (<4 years)	3,976.66	-
Total own planted area	8,936.38	704.14
Unplanted area	821.67	53.04
Total land area	9,758.05	757.18
FFB production (mt)	44,758.30	5,248.22
Yield per mature ha (mt)	8.46	7.45
CPO (RM/mt)	2,439.44	2,510.51
PK (RM/mt)	1,470.50	1,527.40

**Average FFB production and yield per mature ha for the six (6) months up to 30 June 2020*

(d) **List of palm oil plantation of PKPP as at 30 June 2020**

Plantation (ha)		Palm Oil				
		Total Mature (>4 years)	Total Immature (<4 years)	Total Unplanted	Total Replanted	Total
1	Commercial Plantation (29 estates)	21,902.15	1,381.75	-	-	25,667.99
2	Social Plantation (14 estates)	4,935.27	395.40	-	-	5,330.67
Grand total		26,837.42	1,777.15	-	-	30,998.66

The palm oil segment of PKPP Group posted a profit before interest and tax of RM50.8 million for the second quarter ("2Q") of FYE 2019, compared to RM50.1 million in 2Q of FYE 2018 despite lower average CPO price realised for 2Q FYE 2019 as compared to the CPO price for 2Q FYE 2018 (2Q FYE 2019: RM2,117.99; 2Q FYE 2018: RM2,232.00).

(e) **Summary of Performance**

In summary, the total production of FFB by all PKPP plantations for FYE 2019 recorded an increase of 13% and recorded a positive performance by 1.57 m/t per hectare compared to the same period in FYE 2018. The table below illustrates the performance based on plantation categories:

	FYE 2019		FYE 2018		FYE 2017	
FFB Production	Commercial	Social	Commercial	Social	Commercial	Social
Highest Production (Yield)	24.85 mt/ha	30.94 mt/ha	21.09 mt/ha	24.43 mt/ha	23.08 mt/ha	32.31 mt/ha
Lowest Production (Yield)	5.85 mt/ha	4.24 mt/ha	8.44 mt/ha	5.80 mt/ha	5.32 mt/ha	6.25 mt/ha
Average Production (Yield)	16.44 mt/ha	16.46 mt/ha	13.71 mt/ha	14.31 mt/ha	16.40 mt/ha	17.18 mt/ha
Oil extraction rate (OER)	19.24	19.32	18.88	18.92	18.73	19.51

4.1.2 Investment Holdings

Investment holdings in selected companies, both in public listed companies and private limited companies, is one of the core business activity of PKPP. Details of the subsidiary companies and associate companies of PKPP are found in Sections 3.2.1 and 3.2.2 of this Information Memorandum.

The dividends return from the subsidiary and associate companies of PKPP for the FYE 2017, 2018 and 2019 are as follows:

Total Dividends received by PKPP from subsidiary companies and associate companies		
Unaudited FYE 2019	Audited FYE 2018	Audited FYE 2017
RM 15,883,323	RM 30,644,482	RM 35,494,558

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The table below sets out the respective contribution of LCSB's main business segments for the period indicated. The revenue information below refers to external revenue only and does not include inter-segmental revenue within the LCSB Group:

	Audited FYE 2019	Audited FYE 2018	Audited FYE 2017
Agriculture			
Revenue (RM' Million)	224.5	245.32	363.17
Share of group revenue (%)	95.14	97.34	99.17
Profit before tax (RM' Million)	4.96	19.91	81.77
Investment Holdings			
Revenue (RM' Million)	11.01	6.05	2.21
Share of group revenue (%)	4.66	2.40	0.60
Profit before tax (RM' Million)	0.24	0.49	0.50
Others			
Revenue (RM' Million)	0.45	0.65	0.83
Share of group revenue (%)	0.19	0.26	0.22
Profit before tax (RM' Million)	0.01	0.05	0.18

4.1.3 Other Business Activities

(a) Hotel & Resort

PKPP is also involved in the hotel industry through De Rhu Beach Resort ("**DRBR**") that is located at Balok, Kuantan. DRBR consists of 162 rooms, a swimming pool with a current staff force of 118.

For the FYE 2019, DRBR recorded a turnover of RM9,292,542.

(b) Organic Fertiliser

PKPP through LCSB also ventures in organic fertilizer production plant at Lepar. This RM2.0 million venture project was established in 1997 and began operation in 1999. The plant has a capacity to process up to 1,000 metric tons of organic fertilizer per month.

Oil palm waste from the LCSB Lepar Oil Palm Mill is used as the main element to make the organic fertilizer. Wastes such as Empty Fruit Bunches (EFB) will be shredded accordingly and then mixed with microorganism before being left for fermentation in stages to finally produce the organic fertilizer.

Section 5.0

INVESTMENT CONSIDERATIONS

Each issue of Sukuk Wakalah under the Sukuk Wakalah Programme will carry different risks and all potential investors are strongly encouraged to evaluate each issue of the Sukuk Wakalah under the Sukuk Wakalah Programme on its own merit. Recipients of this Information Memorandum are advised to independently evaluate the risks described in this section before making an investment decision. The Sukuk Wakalah is subject to certain risk factors that could adversely affect, inter alia, the business of PKPP. The risk factors relating to the Sukuk Wakalah and its possible mitigating factors which are summarised below do not purport to be comprehensive or exhaustive and are not intended to be a substitute or replacement for an independent assessment of the risk factors that may affect the Sukuk Wakalah. Each investor should carefully conduct his or her independent evaluation of the risks associated with investing in the Sukuk Wakalah. Investment in the Sukuk Wakalah is only suitable for investors who have the requisite knowledge and experience in financial and business matters and access to, and knowledge of, appropriate analytical resources to evaluate the information contained in this Information Memorandum. If you are in any doubt about the contents of this Information Memorandum you should consult an appropriate professional advisor.

5.1 Considerations in relation to the Sukuk Wakalah

(a) No Prior Markets for the Sukuk Wakalah

The Sukuk Wakalah comprises new issue of securities for which no secondary market for the Sukuk Wakalah currently exists and, in the event that a secondary market in the Sukuk Wakalah does develop, there can be no assurance that it will continue. Furthermore, there can be no assurance as to the liquidity of any market that may develop for the Sukuk Wakalah, the ability of Sukukholders to sell their Sukuk Wakalah, or the prices at which Sukukholders would be able to sell their Sukuk Wakalah. Accordingly, the purchase or subscription of the Sukuk Wakalah is suitable only for investors who can bear the risk associated with a lack of liquidity in the Sukuk Wakalah and the financial and other risks associated with an investment in the Sukuk Wakalah.

(b) Rating of the Sukuk Wakalah

The Sukuk Wakalah Programme has been assigned with a preliminary long-term rating of AA3(s) by the Rating Agency. However, a rating is not a recommendation to purchase, hold or sell the Sukuk Wakalah. Although PKPP endeavours to maintain this credit rating, it will not be under any obligations to do so throughout the tenure of the Sukuk Wakalah Programme and that there is no assurance that the rating will remain in effect for any given period of time or that the rating will not be downgraded, suspended or withdrawn entirely by the Rating Agency in the future if circumstances in the future so warrant. Further, such a rating is not a guarantee of the Issuer's ability to make any payment due under the Sukuk Wakalah. In the event that the rating initially assigned to the Sukuk Wakalah Programme is subsequently downgraded, suspended or withdrawn for any reason, no person or entity including but not limited to the Issuer and the LM, will be obliged to provide any additional credit enhancement with respect to the Sukuk Wakalah Programme. Any downgrade, suspension or withdrawal of a rating may have an adverse

effect on the liquidity and the market price of the Sukuk Wakalah. Any downgrade, suspension or withdrawal of the rating will not constitute a dissolution event or an event obliging the Issuer to redeem the Sukuk Wakalah.

(c) Issuer's Ability to meet its Obligation under the Sukuk Wakalah Programme

The ability of the Issuer to meet its obligations to the Sukukholders in terms of payment of amount due under the Sukuk Wakalah will depend on the strength of the Issuer's next cashflow. Payment of the Sukuk Wakalah will be the Issuer's obligation alone. In particular, the Sukuk Wakalah will not be the obligations or responsibilities of, or guaranteed by, any of the Issuer's subsidiaries or associated companies, the PA / LA / LM, the Facility Agent, the Sukuk Trustee, the Security Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the transactions envisaged under the issuance of Sukuk Wakalah. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure by the Issuer to pay any amount due under the Sukuk Wakalah.

(d) Creation of Legal Charge over the Charged Asset is Subject to State Consent (where applicable)

The issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme shall be secured among others, by way of creation of legal charge over the Charged Assets which is subject to consent from the relevant state authorities (where applicable) and there is no certainty if and when such consent will be obtained. However, as most of the Charged Assets are located in the state of Pahang, the Issuer is of the view that such risk is mitigated since the Issuer is a statutory body of the Pahang State.

(e) Market Value of the Sukuk Wakalah may be Subject to Fluctuation

Trading prices of the Sukuk Wakalah may be influenced by numerous factors, including the operating results and/or the financial conditions of PKPP, political, economic, financial and any other factors that can affect capital markets, the industry and PKPP. Adverse economic developments could have a material adverse effect on the market value of the Sukuk Wakalah.

(f) An Investment in the Sukuk Wakalah may be Subject to Profit Rate Risk

The Sukukholders may be exposed to unforeseen loss due to adverse fluctuations in profit or interest rates. Although the Sukuk Wakalah are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their price fluctuate due to fluctuations in profit or interest rates. Generally, a rise in profit rates or interest rates may cause a fall in the prices of fixed income securities. The Sukuk Wakalah may be similarly affected resulting in a capital loss for Sukukholders. Conversely, when profit rates or interest rates fall, the Sukuk Wakalah prices and the prices at which the Sukuk Wakalah are traded may rise. The Sukukholders may enjoy a capital gain but profit received may be reinvested for lower returns.

(g) An Investment in the Sukuk Wakalah may be Subject to Inflation Risk

The Sukukholders may suffer erosion on the return of their investments due to inflation. The Sukukholders would have an anticipated rate of return based on the expected

inflation rates on the purchase date of the Sukuk Wakalah. An unexpected increase in inflation could reduce the actual return.

(h) Suitability of investments

The Sukuk Wakalah may not be a suitable investment for all investors. Each potential investor must determine the suitability of the investment in the Sukuk Wakalah in light of its own circumstances. In particular, each potential Sukukholder should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Wakalah, the merits and risks of investing in the Sukuk Wakalah and the information contained in this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Wakalah and the impact the Sukuk Wakalah will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Wakalah, including where the currency of payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Sukuk Wakalah and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

(i) Shariah compliance

The Shariah Adviser has issued a pronouncement confirming amongst others that, the structure and mechanism of the Sukuk Wakalah Programme are Shariah-compliant as of the date of such pronouncement. As the Shariah pronouncement is only an expression of the view of the Shariah Adviser and not a binding opinion, investors are reminded that differences in opinion is possible. There can be no assurance that the structure and mechanism of the Sukuk Wakalah Programme will be deemed to be Shariah-compliant by any other Shariah board or Shariah scholar. Potential investors should obtain their own independent Shariah advice as to the Shariah compliance of amongst others, the structure and mechanism of the Sukuk Wakalah and trading of the Sukuk Wakalah. No representation, warranty or undertaking, express or implied, is given by the Issuer as to the status of the Sukuk Wakalah's compliance with Shariah principles and the Issuer, the PA / LA / LM shall not be liable for any consequences of such reliance and/or assumption of any such compliance.

Notwithstanding the approval of the Shariah Adviser, case law in Malaysia indicates that the courts in Malaysia may still examine the issue of whether there has been compliance with Shariah and if held to be non-Shariah compliant, the recoverability of the profit element under the Sukuk Wakalah may be affected. No assurance is given that the

approval of the Shariah Adviser will not be subject to challenge on grounds that the Sukuk Wakalah is not Shariah compliant.

5.2 Considerations relating to the PKPP Group

PKPP Group is principally involved in inter alia, agriculture activity and in particular in oil palm plantation. The risks relating to the business sectors that PKPP Group may be exposed to include, but are not limited to the following. PKPP Group has put in place measures to mitigate these risks however there is no assurance that the risks below will not adversely affect the business, financial conditions and prospect of PKPP Group.

(a) Inherent business risks in the plantation industry may affect PKPP Group's business

PKPP Group is subject to risks inherent to the plantation industry. These include, but are not limited to, outbreaks of diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in palm oil milling, adverse climate conditions, downturns in the global, regional and national economies, in particular Malaysian economies, the entry of new players into the market, changes in law and tax regulations affecting palm oil, increases in labour and other production costs, and changes in business and credit conditions.

PKPP Group's ability to mitigate these risks depends on various factors, including its ability to keep abreast of the latest technologies related to planting materials, disease prevention and plantation operations, and other developments in the industry, as well as ability to effectively implement business strategies. There is no assurance that PKPP Group will be able to successfully mitigate the various risks of the plantation industry, or that PKPP Group will be successful in implementing its strategies and failure to do so may materially and adversely affect the business, financial position, results of operations and prospects of PKPP Group.

(b) Local and international commodity prices will affect the profitability of PKPP Groups

The prices of the PKPP Group's key products are based upon or affected by international prices, which tend to be cyclical and subject to significant fluctuations. Commodity prices and demand are volatile and strongly influenced by world economic conditions. For example, the price PKPP obtains for CPO is subject to the level of demand and supply and this can vary significantly subject to the economic climate. Furthermore, the other factors that may affect the prices include the world production levels of CPO and other vegetable oils, the state of the world's economy, population growth, environmental regulations, tariffs, natural disasters, political instability, overall domestic and international economic conditions, outbreaks of viruses, epidemic, pandemic or other communicable diseases, postal or other strikes, global conflicts or act of terrorism, act of God, earthquake, tsunami, fire, flood, storm or any type of inclement weather, war, riot, civil commotion, any order restricting the movement of the public or the imposition of curfew or any other governmental action implemented pursuant thereto. A significant and prolonged low price for CPO would materially and adversely impact on PKPP Group's revenues.

(c) Significant change in climate impacts operations and longer term demand for PKPP products

The physical impacts of climate change may negatively affect PKPP in many ways in the short and longer term. The production of FFB are highly dependent on weather conditions and the occurrence of unfavourable weather conditions, droughts, floods, forest fires, earthquakes or other natural disasters will lead to a decrease in the overall yield of FFB from the PKPP Group's estates. Specific changes in cropping patterns in the plantation division due to weather conditions leads to monthly distribution of FFB production being adversely affected. In the longer term, rising sea waters may threaten some of its estates. These adverse weather conditions if continued for an extended period may adversely affect the PKPP Group's business, financial condition, operational results and prospects.

(d) Operational inefficiencies impact profitability

With the increased level of economic volatility impacting its businesses, opportunities exist to focus on improving efficiency. Given the significance of the plantation business to PKPP Group, optimizing efficiency obviously becomes more important during a period of suppressed commodity prices. Plantation upstream efficiency is heavily dependent upon having optimal agro-management practices. It also involves high levels of manual labour. Suboptimal practices and labour productivity can significantly adversely impact profitability of PKPP Group.

(e) Ageing trees may impact the production

PKPP Group's operations include plantations that have been cultivated many years ago. This means the risk of low yields due to ageing trees is always a concern. Any palm trees beyond 25 years will see it being past their prime and inevitably produce lower yields. Such age profiles will impact its revenues and margins.

PKPP Group's replanting program has been ongoing since the year 2019 and will continue until the age profile of its plantation reach ideal proportions. Furthermore, the replanting is done on a measured, rolling basis to minimise effect on overall fresh fruit bunch production.

(f) The business of PKPP Group relies on foreign workers

The plantation operations are labour intensive and like many Malaysian plantation companies, PKPP Group rely to a significant extent on foreign workers. In the event the PKPP Group is unable to obtain sufficient manpower for its plantation operations, the business, financial condition, operational results and prospects of the PKPP Group could be adversely affected. Dependency on foreign workers also exposes PKPP Group to risks in relation to labour issues and local regulatory changes, which may also impact sourcing and present challenges to the necessity to ensure it is always adequately manned. Additionally, labour activism and unrest could cause disruption to the PKPP Group's operations. Although the PKPP Group's operations have not been affected by any significant labour dispute in the past, there is no assurance that the PKPP Group will

not experience labour unrest, activism or disputes which could adversely affect the PKPP Group's business, financial conditions, operational results and prospects.

(g) Insurance coverage

The PKPP Group maintains insurance coverage at levels that are customary in the industry to protect against various losses and liabilities for its plants, equipment, machineries and other infrastructures. However, the insurance may not be adequate to cover all losses and liabilities that might be incurred in the operations. For example, PKPP Group do not maintain insurance against losses at the oil palm plantations as a result of fires or natural disasters and most of the assets are not insured against war, terrorism or sabotage. Moreover, PKPP Group may subject to the risk that in the future it may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If PKPP Group were to incur a significant liability for which it was not fully insured, it could have a material adverse effect on the business, financial condition and results of operations of PKPP Group.

(h) The Need for Certification for the Business to Survive or Continuous of Operation

The MSPO certification scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO standards. The certification is mandatory and needs to be maintained. Failure to maintain or obtain the required certification may affect the sales of the affected palm oil products. PKPP has, via its subsidiaries, obtained the MSPO certification. However, there is no assurance that PKPP Group will continue to comply with the requirements of the MSPO standards.

(i) Competition from other producers of palm oil and substitute oils

As palm oil is a homogeneous product, prices are primarily driven by world-wide demand and supply of palm oil. The prevailing business and operating environment vary between the major palm oil producing countries, each with distinct inherent advantages and disadvantages that include quality of planting materials, supply of labour and access to research and development. To ensure the cost competitiveness among palm oil suppliers, cost control and operating efficiency including estate management experiences and practices are key.

On a broader scale, the palm oil industry as a whole faces competition from other substitute edible oils, such as soybean oil, canola oil and sunflower oil. PKPP Group's competitors include other edible oil producers and companies of various sizes, some of which may have greater financial resources and have been in the edible oil business for a longer time. Some of the PKPP Group's competitors have also established relationships with some of the PKPP Group's current or potential customers which could make it more difficult for the PKPP Group to increase the sales base in the future. Should the PKPP Group's existing market share be reduced or should its margins be lowered as a result of competition, the PKPP Group's business, financial conditions, operational results and prospects could be adversely affected.

(j) Dependence on Senior Management

PKPP relies to a significant extent on some of its senior management for its business directions and effective implementation of business strategy. PKPP's success also depends on the continued contributions of its key personnel and skilled employees. The loss of existing key members of the team could adversely affect its ability to operate its business or to compete in the industry, and in turn, affect its financial performance and prospects. However, PKPP had started an effort since several years back to groom younger members of the senior management and its executives to ensure a smooth and seamless transition in the management team, should changes occur. The younger members of the senior management and the executives are ambitious, filled with new and innovative ideas which could lead to a potential growth of the business, of which could be developed in order to encounter challenges ahead. PKPP Group have invested time, money and effort in developing these young talents by offering ample opportunities to the young talents to carry out critical job tasks that will equip them with sufficient and complete experience relating to the industry. If PKPP Group is unable to retain its existing key personnel, including the directors and senior management, or skilled employees, or attract, hire and integrate appropriate replacements and successors, its operations may be materially and adversely affected.

(k) Health, Safety and Environmental (“HSE”) Considerations

PKPP is required to comply with various health, safety and environmental laws that promote environmentally and socially sound operating practices relating to, amongst others, water, air, noise pollution and the disposal of waste materials. Although health, safety and environmental protection procedures and mitigating measures are implemented and PKPP Group operations are currently in compliance with all respects of applicable environmental regulations and standards. However, it is possible that these regulations could become more stringent in the future, which would require the PKPP Group to incur additional expenses on environmental matters. In such event, the PKPP Group's operational results and financial conditions may be adversely affected.

PKPP is very committed to achieve the highest performance in HSE with the aim of creating and maintaining a safe and healthy working environment. In ensuring that all risks related to HSE are being identified, analysed and control. Any health and safety environment claim or the failure to comply with any present or future regulations could result in the assessment of damages, the imposition of fines, criminal sanctions or the suspension or cessation of the facilities and operations.

(l) Sensitivity to Economic Downturn

Like every other business, the performance of PKPP Group is also dependent on the performance and growth of the economy. Hence, it is exposed to certain risks inherent in the agriculture industry. These include, amongst others, production risk which derives from the uncertain natural growth processes of crops and livestock, inflation, interest rates and changes to business conditions such as deterioration in market conditions, rising cost of labour and lack of supply of labour.

However, no assurance can be given that any change to these conditions will not have a material adverse effect on PKPP's business.

(m) Holding company structure of the Issuer

The Issuer may be required to also rely on dividends from its subsidiaries and associate companies to meet its obligations, include its obligations under the Sukuk Wakalah. The ability of the subsidiaries and associate companies to pay dividends is dependent on them maintaining profitable operations and is subject to applicable laws, regulatory guidelines and restrictions contained in relevant financial or other agreements. The Sukuk Wakalah will contain no covenant that prevent the Issuer's subsidiaries and associate companies from entering into agreements that may restrict their ability to pay dividends to the Issuer.

(n) PKPP Group's business operations may be affected by an outbreak of the novel coronavirus 2019 ("COVID-19") or an outbreak of any other contagious or virulent disease

PKPP Group's business operations may be affected by an outbreak of COVID-19 or an outbreak of any other contagious or virulent disease. The outbreak of COVID-19 or other contagious or virulent diseases in Singapore, Malaysia, China or all over the world will disrupt local, regional and global businesses. In addition, several countries in Asia have suffered or are suffering from outbreaks of communicable diseases such as Influenza A and Middle East Respiratory Syndrome (MERS). Such an outbreak of communicable disease may lead to amongst others, delay in production, compromised safety and security at the estates, supply chain interruptions, fluctuation in commodity prices and cash flow disruption which may have a material adverse effect on PKPP Group's operations and financial position. In the face of such situations, PKPP Group will perform detailed assessment of its cash flows and operations and will take appropriate and timely actions as required.

With regards to the COVID-19 situation in Malaysia, the Movement Control Order ("MCO") which was implemented by the Government from 18 March 2020 until 3 May 2020 had resulted in the temporary halt in most economic activities in Malaysia. Nonetheless, the halt period was only implemented for 1 to 3 days on agro-commodity sectors. As such, PKPP Group's plantation had resumed its operations much earlier albeit with conditions.

As exemption was granted allowing PKPP Group to resume its plantation business during MCO, most of the activities in the estate were not directly affected. Operations such as harvesting of FFB, weeding and manuring were normally operated albeit with minimum number of workers as the workers are obligated to adhere to the standard operating procedure ("SOP") provided by PKPP with references to the SOP provided by the National Security Council (MKN), Ministry of Health (KKM) and State Secretary Office (SUK).

Despite being granted exemptions, replanting operation which involves lining, holing and planting was however delayed for a certain period of time due to several factors such as

difficulties faced by the contractors in obtaining fuel supply and spare parts from their suppliers. The activities had to be operated at a slower pace as the contractors had access to only resources within the estate. Nevertheless, only small areas of the estates which conducted replanting activities was affected by this limited supply of resources and it did not greatly impact the overall plantation operations.

PKPP Group had prepared a comprehensive business continuity plan which identifies various mitigation measures to moderate the impact COVID-19 has on PKPP Group's operations. These mitigation measures are summarised as follows:

- (i) Estate work programme which includes weeding, manuring and activities related to the usage of machinery and construction work had to be rescheduled. Field operations are focused more on harvesting process and the maintenance workers for weeding and manuring programme are transferred to the harvesting programme in order to maximise operations and production of FFB.
- (ii) Although the application quota for foreign workers is delayed, the use of mechanization in the estate had improved the shortage in supply of workers especially for collection of FFB process. In addition, local workers were also hired to carry out plantation operations.

5.3 General Considerations

(a) Forward-Looking Statements

Certain statements in this Information Memorandum are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by PKPP, and although PKPP believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements and no assurance can be given that any of such forward-looking statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum (if any) should not be regarded as a representation or warranty by PKPP or its advisers or the PA / LA / LM that the plans and objectives of PKPP will be achieved.

(b) Political and Economic Factors

The Issuer's business, prospects, financial condition and results of operation may be adversely affected by social, political, regulatory and economic developments in Malaysia. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, nationalism, or nullification of contract, changes in rates of return, imposition of capital controls and methods of taxation. Negative developments in Malaysia's socio-political environment may adversely affect the business, financial condition, results of operations and prospects of the Issuer. Investors should note that whilst the Issuer strives to continue to take effective measures such as prudent financial

management and efficient operating procedures, there can be no assurance that adverse political and economic factors will not materially affect the Issuer.

(c) Change of Law

The issue of the Sukuk Wakalah is based on Malaysian law, tax and administrative practices in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax or administrative practice will not change after the closing or that such changes will not adversely impact the structure of the transaction and the treatment of the Sukuk Wakalah.

(d) Force Majeure

An event of force majeure is an event which is not within the control of the party effected, which that party is unable to prevent, avoid or remove which arises from or is attributable to any cause whatsoever beyond the reasonable control of the party so prevented, including, without limitation, nationalisation, expropriation or other governmental actions; political instability, overall domestic and international economic conditions, outbreaks of viruses, epidemic, pandemic or other communicable diseases, postal or other strikes, global conflicts or act of terrorism, act of God, earthquake, tsunami, fire, flood, storm or any type of inclement weather, war, riot, civil commotion, any order restricting the movement of the public or the imposition of curfew or any other governmental action implemented pursuant thereto, changes in applicable laws of Malaysia and others. Force majeure events do not include economic downturn, non-availability or insufficient or lack of financing on the part of the Issuer. The occurrence of a force majeure event may have a material impact on the Issuer's financial and business operations.

(e) Social and Technology Factors

The Issuer's business, prospects, financial condition and results of operation may be adversely affected by social and technology factors. Aside from the Issuer's internal resources and industry factors, there are several other macro-economic factors that can have a profound impact on the performance of the Issuer. In particular situations such as new ventures, product launch ideas, technological advancement, or lifecycle of technologies and these factors can either positively or negatively impact the Issuer's business operation, product or service.

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Section 6.0

ECONOMY AND INDUSTRY OUTLOOK

The information below is included for information purposes only and is relevant to PKPP Group prospects. All data and information stated below have been obtained from publicly available official sources of Malaysia and has not been independently verified by the PA / LA / LM or the Issuer.

6.1 Overview of the Malaysian Economy

6.1.1 Markedly weaker global growth Prospects

The global economy is projected to register a negative growth in 2020. The ongoing COVID-19 pandemic has significantly weakened global growth prospects, with the outlook heavily contingent on how countries across the world successfully contain the pandemic over the remainder of the year. The International Monetary Fund is expecting a recession in 2020 that is at least as bad as during the global financial crisis in 2009, and is projecting a recovery in 2021.

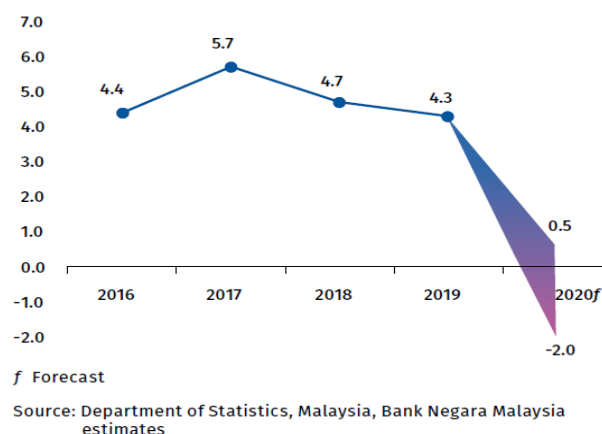
The COVID-19 pandemic has evolved into a global health crisis that is causing a sharp growth slowdown in the affected countries, including most major advanced and emerging market economies. The measures taken to contain the spread of COVID-19, including travel restrictions, enforced business closures and restricted social activities, while critical, are suppressing private sector activity, both in the domestic-oriented and tourism-related sectors, as well as in the manufacturing sector. The pandemic is simultaneously causing demand and supply shocks through weaker final demand and supply-chain disruptions. Prospects for global growth will depend on how fast the pandemic is contained and stopped.

The economic impact of COVID-19 is, however, expected to be partly mitigated by the significant monetary and fiscal stimulus measures introduced by authorities across the world. Globally, fiscal spending has been promptly increased, with funds primarily channelled towards containing COVID-19, supporting affected households against income and employment losses and providing liquidity support for firms. Among the key measures that have been introduced are direct cash assistance, job retention programmes, tax relief and public guarantees to facilitate access to financing. These measures are complemented by monetary policy responses to provide further liquidity support for households, businesses and the banking sector, as well as to ensure continued smooth provision of credit to the real economy. The unprecedented nature and scale of policy intervention across economies is expected to cushion the economic disruptions caused by COVID-19 and support a gradual recovery in real economic activity upon the successful containment of the pandemic.

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6.1.2 Malaysia's global growth prospects ("GDP") projected to be between -2.0% and 0.5% in 2020

Global economic and financial conditions, which deteriorated sharply in the first quarter as the COVID-19 pandemic escalated, are expected to deteriorate further, with significant impact on the Malaysian economy. The domestic economy is also facing the economic effects from the necessary actions taken to contain COVID-19 locally and continued supply disruptions in the commodities sector. These shocks, particularly the significant economic repercussions induced by the unprecedented COVID-19 health crisis, are expected to weigh significantly on growth prospects for the year. The containment measures undertaken by authorities globally and domestically, which are critical and necessary, are projected to weigh on growth in the first half of the year. When the health crisis is eventually addressed, growth will be supported by the gradual improvement in household spending, further progress in the implementation of transport-related projects and higher public sector expenditure. The monetary policy responses and economic stimulus measures undertaken in the first half of the year will provide additional support to growth. The economy is subsequently expected to normalise in 2021, in line with the projected recovery in the global economy.



The COVID-19 pandemic and the measures taken to contain it are causing simultaneous supply and demand shocks to the domestic economy. The pandemic is adversely impacting tourism-related and manufacturing sectors. Broad-based restrictions and aversion to travel activities will have a sizeable impact on Malaysia's tourism sector, which accounts for 11.8% of Malaysia's GDP. Airport passenger traffic declined by 8.2% in the first two months of 2020, just as COVID-19 started to escalate and some economies began to take precautionary measures, such as travel bans and quarantines. These measures have since become more widespread and a sharp decline in tourist arrivals is expected. This will significantly impact spending in the tourism-related sectors, particularly hotels, retail trade, food and beverage and transport services.

In the manufacturing sector, prolonged factory closures in key industrial hubs in the COVID-19 affected countries is disrupting production activity across the global supply chain. As countries implement containment measures, firms are only able to operate at

limited capacity amid labour and logistics constraints, resulting in domestic firms facing difficulty in procuring inputs from source countries. The production disruptions abroad would also lower demand for Malaysian manufactured products, which are often used as input in the affected economies' exports to the rest of the world. Overall, this would compound the effects of weaker final demand from affected countries, thus weighing further on Malaysia's manufacturing activity and exports performance.

The rise in COVID-19 cases domestically since early March 2020 has necessitated implementation of measures to contain the spread. Accordingly, a two-week Movement Control Order ("**MCO**") was implemented on 18 March 2020 and subsequently extended by another fortnight. Despite the continued provision of and access to essential services during this period, economic activity would nevertheless be impacted as non-essential services cease to operate and selected manufacturing firms operate only at partial capacity. Post-MCO, the reduced social and recreational activities are expected to continue until the pandemic is fully controlled globally and domestically, thus dampening consumption and investment activity.

The rapid spread of COVID-19 in the first three months of 2020 underscores the challenges of forecasting with precision the economic impact during this period. Globally, new COVID-19 cases have increased 22-fold in less than a month. Its rapid transmission has prompted governments globally to implement unprecedented actions to stem the spread in their respective economies. Given Malaysia's high integration with the global economy, forecasting efforts are further complicated by the diversity in the nature, scope and intensity of the policy actions, as well as the severity of the outbreak in other economies.

Apart from the health crisis, the Malaysian economy is expected to be affected by the sharp decline and volatile shifts in crude oil prices. While this is partially a consequence of significantly softer global demand, crude oil prices are also weighed by the OPEC+ decision of not pursuing additional voluntary output adjustments. Prolonged low global oil prices will impact the income, employment and investment prospects in the mining-related sectors directly. Nonetheless, lower oil prices may alleviate cost pressures on consumers and businesses. Prices of other major commodities are projected to be lower. The price of Liquefied Natural Gas ("**LNG**") is forecasted to moderate, weighed mainly by slower demand from Japan and PR China following further progress in the restart of nuclear plants and production disruptions due to COVID-19, respectively. The price of CPO is projected to be relatively sustained, as weaker external demand is offset by the decline in CPO production. The continued supply disruption in the commodities sector will continue to weigh on domestic growth. The low oil palm production since end-2019 is expected to extend to the early months of 2020, due mainly to the lagged impact of severe dry weather conditions experienced in 2019 as well as output constraints arising from the MCO. These disruptions are, however, anticipated to dissipate gradually as weather conditions normalise and oil palm production benefit from higher fertiliser application in early-2020. Meanwhile, crude oil and natural gas production will be affected by continued maintenance works and to a certain extent, reduced operating capacity due to the MCO. The operationalisation of new fields in Sarawak and the commencement of the PETRONAS Floating LNG Dua ("**PFLNG2**") facility in Sabah will partially offset the decline in output of the mining sector.

Nonetheless, the Malaysian economy is expected to benefit from the projected improvement in global demand towards the end of the year, which will aid to lift growth in the export-oriented sectors. As risks from the pandemic subside, consumer sentiments can also be expected to gradually improve when travel restrictions are eased and tourism activities resume. In addition, production in the mining and agriculture sectors are projected to improve in the second half of the year amid the expected recovery from the supply disruptions.

Malaysia's domestic growth prospects is therefore projected to improve towards the end of the year and subsequently in 2021. Given the constantly evolving risks in the external and domestic environment, however, overall risks to the growth projection is tilted downside. The baseline growth forecast could be lifted by a stronger-than-expected impact from the various stimulus measures and the additional measures implemented by several state governments. Meanwhile, the main downside risk is a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. The baseline growth projection is therefore, highly contingent on the effectiveness of efforts to contain COVID-19. Growth also remains susceptible to a recurrence of commodity supply shocks, which may adversely affect the production of oil palm, natural gas and crude oil. Low commodity prices pose additional risks to production in the commodities sector, exports and income growth. Meanwhile, periods of heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial conditions.

6.1.3 Subdued inflationary pressure in 2020

Headline inflation is forecasted to average within the range of -1.5 to 0.5% (2019: 0.7%) (as illustrated in Chart A below). The downward pressure on inflation predominantly reflects the expectation of significantly lower global oil and commodity prices. The trajectory of headline inflation is contingent upon the developments surrounding global commodity prices, particularly global oil prices, which remain highly uncertain.

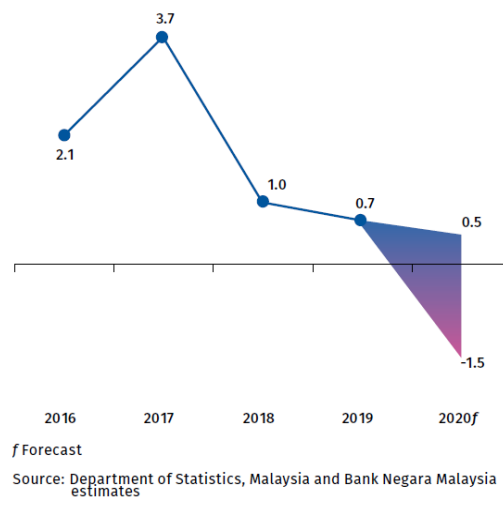


Chart A

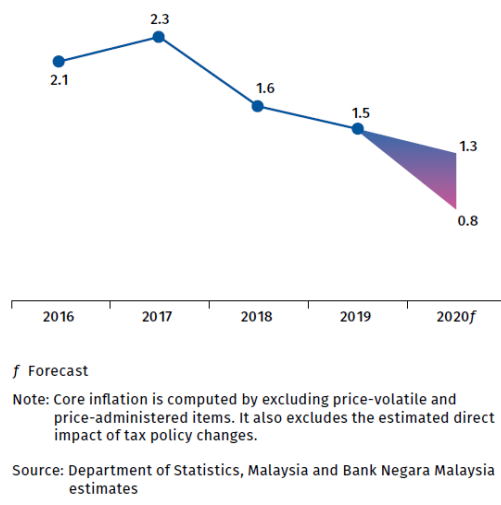


Chart B

Without the direct downward impact from lower global oil prices, underlying inflation, as measured by core inflation, is projected to remain positive, averaging between 0.8 – 1.3% (as illustrated in Chart B above). This is amid subdued demand pressures and reflects the negative output gap that is expected this year. In addition, labour market conditions are expected to be weaker in 2020.

6.1.4 Monetary policy to be premised upon balance of risks to growth and inflation outlook

Monetary policy in 2020 will focus on providing support to domestic economic growth in the environment of subdued price pressures. Following the notable increase in risks to the growth outlook since end-2019, especially arising from the COVID-19 pandemic, the overnight profit rate (“OPR”) was reduced in January and March 2020 by a total of 50 basis points to 2.50%. Both adjustments were intended to provide a more accommodative monetary environment to support economic growth amid low inflation. Future monetary policy considerations will continue to be guided by the balance of risks surrounding the outlook for domestic growth and inflation, which are continuously evolving. Meanwhile, the Bank’s monetary operations will continue to ensure that domestic liquidity in the financial system remains sufficient to support the orderly functioning of the domestic financial markets. As it stands, the lowering of the Statutory Reserve Requirement (“SRR”) ratio by 100 basis points to 2.00% in March 2020 and additional SRR flexibilities granted to Principal Dealers by recognising Malaysian Government securities (“MGS”) and Malaysian Government Investment Issue (“MGII”) for SRR compliance have released approximately RM30 billion worth of liquidity into the banking system.

6.1.5 Additional measures complement the accommodative monetary policy in ensuring continued intermediation

In the wake of the COVID-19 pandemic, Bank Negara Malaysia (“BNM”) has implemented additional measures to ensure continued financial intermediation in support of the economy and to mitigate the economic impact of COVID-19 on households and businesses. These include providing additional funds for small medium enterprises

(“SME”), amounting to a total allocation of RM13.1 billion under BNM’s Fund for SMEs, together with some adjustments to the funds’ features to further enhance access. In addition, an automatic 6-month moratorium on loan repayments is being implemented for individuals and SMEs to ease the financial burden of borrowers in this difficult period. Banking institutions have also been encouraged to facilitate requests by corporations to defer or restructure their loans or financing repayments in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions improve.

Malaysian banks have the financial capacity to assist borrowers and ensure continued availability of financing to the economy, drawing on strong capital, liquidity and provisioning buffers built up over the years. At the start of the year, banks had projected sustained loan growth, reflecting their capacity and willingness to sustain credit flows to eligible borrowers. While projected loan growth is likely to be impacted by unfolding developments surrounding COVID-19, the accommodative monetary policy will reinforce support to financing activity. The OPR reductions in January and March 2020 have lowered borrowing costs for the private sector, while the pre-emptive boost in liquidity through the SRR ratio reduction should also provide support to banks.

(Source: Bank Negara Malaysia, Economic & Monetary Review 2019, Outlook and Policy in 2020)

6.2 Potential output and the output gap of the Malaysian economy

Potential output is the highest non-inflationary level of output that can be produced in an economy. It indicates the sustainable growth path of an economy based on prevailing factors of production and level of technology. However, due to business cycle fluctuations, actual output can differ from potential output. A negative output gap arises when actual output falls below potential output. This normally indicates the presence of slack in the economy arising from weak demand and disinflationary pressures. Thus, the level of potential output and the output gap is a key economic measure which aids the Bank in carrying out its mandate of maintaining price stability for sustainable economic growth.

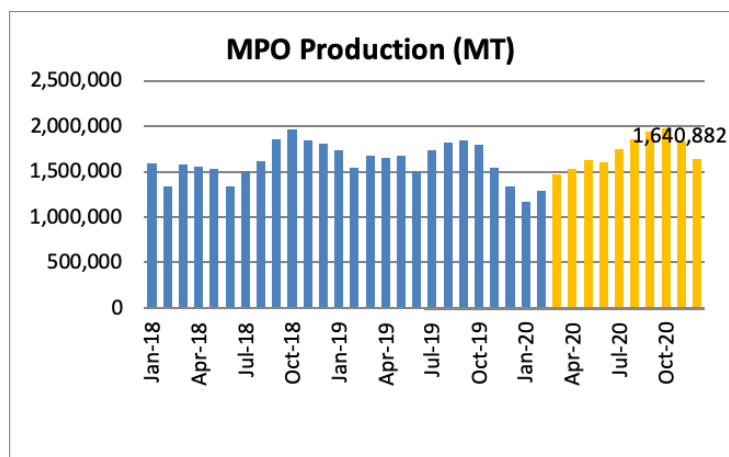
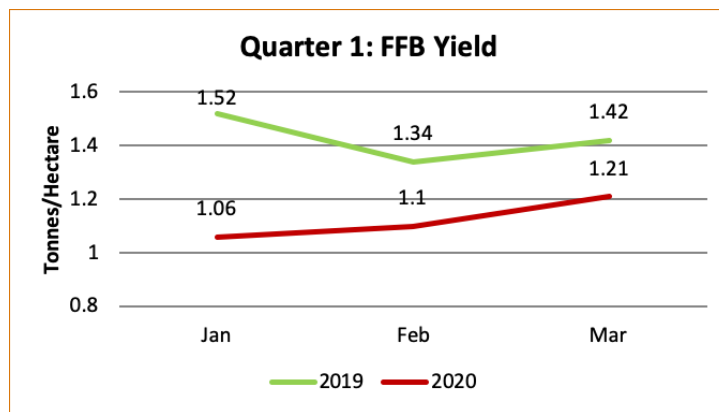
In 2019, potential output growth moderated to 4.5% (2018: 4.7%, 2011-2018 average: 5.0%). This was mainly attributable to the contraction in investment activity (-2.1%; 2018: 1.4%) as a result of softer business sentiments and the continued rationalisation efforts by the Government. This was partially offset by the marginal improvement in labour force growth in 2019 (2.1%; 2018: 2.0%). The actual GDP growth of 4.3% in 2019 was below potential output growth. This was due mainly to weaker external demand and supply disruptions in the commodities sectors that led to an underutilisation of resources. This led to the narrowing of the positive output gap to 0.4% during the year (2018: 0.6%). As such, price pressures were benign as the inflation rate remained stable at 0.7% (Core inflation: 1.5%) during the year. Going forward, the output gap is projected to turn negative in 2020. While potential output is expected to grow between 4.3 – 4.8%, actual output will be significantly affected by the adverse impact from the COVID-19 pandemic. Hence, actual output is projected to continue to grow at a slower pace relative to potential output in 2020.

(Source: Bank Negara Malaysia, Economic & Monetary Review 2019, Outlook and Policy in 2020)

6.3 Overview and Outlook of the Oil Palm Plantation Industry

2020 is a challenging year for most of the industries in the world due to the outbreak of COVID-19 pandemic. This outbreak gives negative effects on the country's economy from global supply and demand shocks and also domestic factors during the lockdown. Malaysian palm oil industry was also affected by the outbreak of the coronavirus. For example, it was recorded that there was a slow demand from the palm oil importing countries as well as domestic consumption. In addition, the movement control order imposed by the government had interrupted the normal upstream activities such as fertilizing, harvesting, collection of FFB and milling. This has resulted in a lack of manpower and logistic issues and thus will hamper the palm oil production.

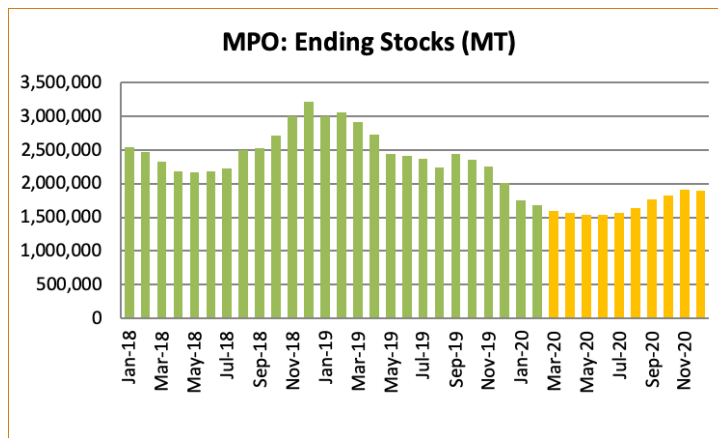
It is projected that Malaysian palm oil production will likely to have slow growth in 2020 as compared to 2019. This is based on the impact of the low fertilizer application in 2019, dry weather in the middle of 2019 which resulted in diminished oil palm fruit yields and also brief suspension of Sabah oil palm estates and mills due to COVID-19 pandemic. The graph below shows that the fresh fruit bunch (FFB) yield for the first quarter of 2020 is below than 2019 with an average gap at 0.3 tonnes per hectare:



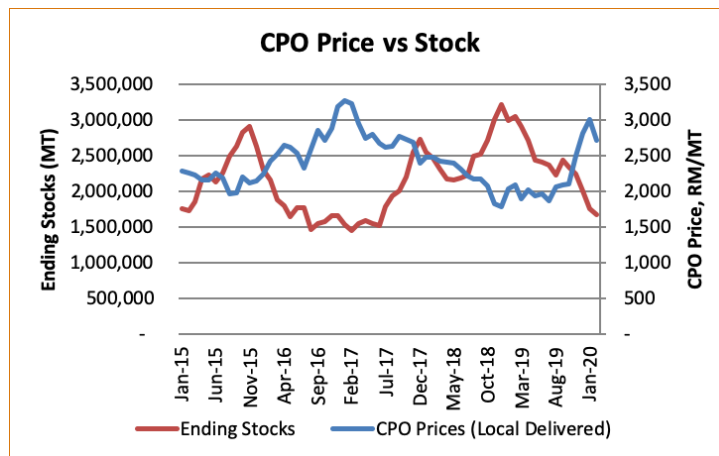
For 2020, it is estimated that CPO production will drop by 1% to 19.7 million tonnes compared to 19.9 million tonnes in 2019.

Palm Oil Stock

Palm oil ending stock is one of the important variables that influences the CPO price movement. Fundamentally, the low stock will result in a higher CPO price and vice versa. It is forecasted for Malaysian palm oil stock to be at 1.9 million tonnes by the end of 2020 as compared to 2 million tonnes in 2019. This is due to the slow demand from the importing countries due to COVID-19 outbreak and also postponement of B20 biodiesel mandate.



Below is the graph showing the negative correlation between stock and CPO price.



For the period from January to March 2020, Malaysian palm oil export recorded a decline by 25% to 3.48 million MT compared to the same period in 2019. The decline was mainly contributed by low import from major importing countries such as India, China and EU. However, other important countries for MPO such as South Korea, USA, Philippines and Japan showed an increment in their imports. It shows that for the first quarter of 2020, the COVID-19 pandemic issue had not affected the Malaysian palm oil export into the countries.

Palm Oil Stock in Major Importing Countries

MPO Export & PO Stocks in 3 Major PO Importing Countries					
Country	Month/Year	2020		2019	
		MPO Export	PO Stocks	MPO Export	PO Stocks
China	Jan	176,830	1,024,200	319,385	704,600
	Feb	156,805	1,053,100	80,352	887,900
	Mar	148,017	878,800	171,515	862,300
India	Jan	46,876	657,547	318,342	697,028
	Feb	21,130	672,605	448,996	819,989
	Mar	10,806	533,094	341,540	747,858
Pakistan	Jan	170,802	373,630	80,660	383,000
	Feb	46,910	417,170	77,753	366,000
	Mar	67,064	380,270	129,999	359,750

SUMMARY ON THE PERFORMANCE OF THE MALAYSIAN OIL PALM INDUSTRY, JAN – MAY 2020 v JAN – MAY 2019.

	JAN - MAY 2020 (p)*	JAN – MAY 2019	DIFFERENCE	
			VOLUME / VALUE	(%)
PLANTED AREA (HECTARES)	5.88	5.92	(0.04)	(0.7)
CPO PRODUCTION (TONNES)	7.16	8.27	(1.11)	(13.4)
CLOSING STOCKS (TONNES)	2.03	2.44	(0.41)	(16.8)
PALM OIL IMPORTS (TONNES)	0.32	0.43	(0.11)	(24.6)
PALM OIL EXPORTS (TONNES)	6.09	8.00	(1.91)	(2.9)
CPO PRICE (RM/T)	2,440.00	2,003.50	436.50	21.8
EXPORT REVENUE (RM Bn)*	21.35	20.76	0.58	2.8
FFB YIELD (T/HA)	6.20	7.10	(0.90)	(12.7)
OIL EXTRACTION RATE (%)	19.90	20.08	(0.18)	(0.9)

Note: (P)*- Preliminary data from Department of Statistics, Malaysia.

Source:

1. Malaysia Palm Oil Board
2. Malaysian Palm Oil Council
3. Department of Statistics, Malaysia

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Section 7.0

OTHER MATERIAL INFORMATION

7.1 Material Litigation(s) and/or Arbitration

PKPP

PKPP is engaged with a legal proceeding relating to a claim on specific performance brought by Dato' Bahari bin Tan Sri Yahaya ("**Plaintiff**") in High Court, in relation to an offer letter dated 28 December 1995. The offer letter was awarded by Lembaga Kemajuan Pertanian Negeri Pahang (the predecessor of PKPP) for a transfer of one acre lot of land at Bukit Tinggi, Mukim Bentong, Daerah Bentong in Pahang to the Plaintiff. On 24 July 2019, the High Court delivered its judgment and decided for PKPP to pay to the Plaintiff the principal sum of RM71,800 claimed, interests on the principal sum, general damages of RM50,000, aggravated and exemplary damages of RM100,000, costs of RM50,000 and allocator fee of RM2,000 ("**High Court Judgement**").

Subsequent thereto, PKPP had on 16 August 2019 filed a motion for leave to appeal to the Court of Appeal against the said High Court Judgment. The Court of Appeal granted the leave to appeal for PKPP. PKPP had thereafter filed for Record of Appeal in the Court of Appeal. However, as parties to the appeal in the Court of Appeal had not received the grounds of Judgement of the High Court Judgement from the High Court of Malaya in Kuantan, parties cannot proceed with the hearing of the appeal. The proceeding is currently fixed for an online case management (*e-review*) on 23 September 2020 and is pending appeal in the Court of Appeal.

The solicitors of PKPP are of the opinion that PKPP's rate of success with regards to the appeal is high and that the sum of damages to be paid by PKPP may be reduced.

LCSB

There is no material litigation or arbitration that LCSB is involved in as at 30 June 2020.

7.2 Material Contingent Liabilities

PKPP

Save as disclosed in Section 7.1 above, as at 30 June 2020, PKPP is not aware of any significant contingent liabilities or guarantees which upon becoming enforceable, may have substantial impact on the financial position and/ or the business of PKPP other than those arising in the ordinary course of business of PKPP and on these, no material losses are anticipated.

LCSB

As at 30 June 2020, LCSB is not aware of any significant contingent liabilities or guarantees which upon becoming enforceable, may have substantial impact on the

financial position and/ or the business of LCSB other than those arising in the ordinary course of business of LCSB and on these, no material losses are anticipated.

7.3 Material Contracts

Save as disclosed below, the Issuer and the Material Subsidiary have not entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of the Issuer or the Material Subsidiary) during the preceding two (2) years from the date of this Information Memorandum.

7.3.1 Purchase of oil palm plantation estates by PKPP from Kurnia Setia Berhad, Tanah Makmur Berhad and Alur Seri Sdn Bhd

PKPP entered into sale and purchase agreements to acquire twelve (12) oil palm plantation estates located in Pahang ("**Estates**") from Kurnia Setia Berhad ("**KSB**"), Tanah Makmur Berhad ("**TMB**") and Alur Seri Sdn. Bhd. ("**Alur Seri**") (collectively "**Vendors**") ("**Proposed Acquisition**") covering 16,484 hectares (ha) of identified oil palm plantation estates in and around the state of Pahang for a total acquisition price of approximately RM990 million ("**Acquisition Price**"). Part of the Acquisition Price shall be funded by the issuance of Sukuk Wakalah under the Sukuk Wakalah Programme.

(1) Sale and Purchase Agreement No. 1 ("**SPA1**")

- (a) On 12 April 2019, TMB, an associate company of PKPP, entered into SPA1 with PKPP, for the sale of five (5) estates known as (i) Ladang Sungai Sering (ii) Ladang Sg. Selama Lanar (iii) Ladang Sri Jelutung (iv) Ladang Aur Gading and (v) Ladang Empang Jaleh (collectively referred to as the "**Estates**") on an as is where is basis. KSB is registered as the proprietor of the Estates although it had sold and transferred its rights over the Estates to TMB via a sale and purchase agreement dated 3 July 2009.
- (b) The purchase price for the Estates is RM232,713,665.23 and PKPP had paid a total of RM23,271,366.52 as payment of ten percent (10%) deposit. SPA1 provides for PKPP to pay the remaining amount of the purchase price in the sum of RM209,442,298.71 within six (6) months after SPA1 was executed. However, PKPP had obtained an extension of time from TMB vide its letter dated 14 May 2020 to comply with all the terms and conditions of SPA1 by 31 October 2020.
- (c) The Estates to be purchased under SPA1 are charged to CIMB Islamic Bank Berhad and the details of the Estates and the charges are as set out in Appendix 3 to this Information Memorandum.
- (d) The salient terms of the SPA1 are as follows:
 - (i) Conditions Precedent

SPA 1 is subjected to the following conditions precedent ("**CP**"):

- A. written approval to transfer the Estates from the Estate Land Board pursuant to Section 214A of the National Land Code 1965;
- B. written approval to transfer the Estates from the state authorities pursuant to the restriction of interest under the respective titles;
- C. the grant of all approvals stipulated under the Sale and Purchase Agreement between PKPP and TMB (please refer to SPA2 (as defined below));
- D. the grant of all approvals stipulated under the Sale and Purchase Agreement between PKPP and Alur Seri (please refer to SPA3 (as defined below));
- E. the grant of all approvals stipulated under the Lease Termination Agreement between TMB and PKPP (please refer to LTA1 (as defined below)); and
- F. the grant of all approvals under the Lease Termination Agreement between TMB, PKPP and KSB (please refer to LTA2 (as defined below)).

(ii) *Application for approval to transfer the Estates from the Estate Land Board*

TMB is required to submit an application to obtain a written approval for the purpose of transferring the Estates from Estate Land Board in accordance with Section 214A of the National Land Code 1965 and to obtain a written approval from the state authority pursuant to the restriction of interest under the respective titles within sixty (60) days from the date of the SPA1 and PKPP is allowed to assist TMB to obtain such approval within six (6) months from the date of the SPA1 ("Completion Date"). The approval to transfer had been obtained from Pejabat Tanah Galian Pahang by a letter dated 13 February 2020 ("**Land Transfer Approval**").

Pursuant to the Land Transfer Approval, TMB is exempted from obtaining the approval to transfer from the state authorities pursuant to the restriction of interest under the respective titles.

(iii) *Approval for the financing*

If PKPP intends to secure a financing from a bank or any financial institution to facilitate the purchase of the Estate, PKPP is required to obtain an approval for the financing within sixty (60) days from the date of the Agreement and PKPP must execute the Consent to Lease Form within sixty (60) days from the date of the Agreement. It is the intention of PKPP that the proceeds from the Sukuk Wakalah is to be utilised to part finance the purchase consideration under this SPA1.

(iv) *Consent from the MOF*

PKPP is required to obtain a written consent from the MOF to secure a financing facility from the bank or any other financial institutions to facilitate the purchase of

the Estates pursuant to Section 21(1)(d) of the Enactment. The approval from MOF was obtained vide a letter dated 27 February 2020.

(v) Extension of time to obtain approvals

If any of the required approvals is failed to be obtained before the Completion Date, then PKPP may apply for an extension of time from TMB and the latter shall have the sole discretion to allow the extension of time. Similarly, TMB may also apply for extension of time from PKPP for the purpose of obtaining the required approvals.

PKPP had vide letter dated 14 May 2020 obtained an extension of time from TMB to comply with all the terms and conditions of SPA1 by 31 October 2020.

- (e) As at 30 June 2020, all the CPs under SPA1 have been fulfilled and fulfilment of the same was confirmed by the solicitors representing PKPP for SPA1 vide its letter dated 27 July 2020.

(2) **Lease Termination Agreement No. 1 (“LTA1”)**

- (a) On 12 April 2019, TMB, an associate company of PKPP, entered into LTA1 with PKPP for the termination of the Lease Agreements dated 4 December 1984 and 29 March 1990 for the lease by PKPP to KSB of the relevant lands as listed in Appendix 3 to this Information Memorandum (“**Lands**”) (“**Lease Agreement**”).
- (b) KSB was taken private on 30 November 2010 and had sold and transferred its rights over the Lands to TMB via a sale and purchase agreement dated 3 July 2009.
- (c) Under the Lease Agreement, the Lands are to be leased for a period of sixty (60) years until 3 December 2044. However, subsequent to entering the Lease Agreement, PKPP had charged the Lands to CIMB Islamic Bank Berhad and details of the relevant charges are as set out in Appendix 3 to this Information Memorandum.
- (d) It is agreed under LTA1 that the Lease Agreement be terminated earlier than the agreed lease period and that PKPP shall, in consideration for the early termination of lease for the Lands, pay to TMB the sum of RM309,657,556.41 which consists of:
- (i) RM4,434,581.83 rental payment (“**Rental Payment**”); and
 - (ii) RM305,222,974.58 as payment for all assets on the Land which includes building, structure, fixtures and crops on *as is where is* basis (“**Asset Payment**”).

(e) PKPP had paid a deposit of RM34,956,879.29 to TMB which consists of the entire Rental Payment and ten percent (10%) of Asset Payment. LTA1 provides for PKPP to pay the remaining sum of RM274,700,677.12 to TMB on the same date for payment of balance purchase price under SPA1.

(f) The salient terms of LTA1 are as follows:

(i) Conditions Precedent

LTA 1 is subjected to the following conditions precedent (“CP”):

- A. the grant of all approvals stipulated under SPA1;
- B. the grant of all approvals stipulated under the Sale and Purchase Agreement between PKPP, TMB and KSB (please refer to SPA2 below);
- C. the grant of all approvals stipulated under the Sale and Purchase Agreement between PKPP and Alur Seri (please refer to SPA3 below); and
- D. the grant of all approvals under the Lease Termination Agreement between PKPP and TMB (please refer to LTA2 below).

(ii) Extension of time to obtain approvals

If any of the required approvals is failed to be obtained within six (6) months from the date of LTA1, then PKPP may apply for an extension of time from TMB and the latter shall have the sole discretion to allow the extension of time. Similarly, TMB may also apply for extension of time from PKPP for the purpose of obtaining the required approvals.

PKPP had vide letter dated 14 May 2020 obtained an extension of time from TMB to comply with all the terms and conditions of LTA1 by 31 October 2020.

(g) As at 30 June 2020, all the CPs under LTA1 have been fulfilled and fulfilment of the same was confirmed by the solicitors representing PKPP for LTA1 vide its letter dated 27 July 2020.

(3) Sale and Purchase Agreement No. 2 (“SPA2”)

(a) On 12 April 2019, TMB, a company incorporated under the Companies Act 1965 and an associated company of PKPP, entered into SPA2 with PKPP, for the sale of four (4) estates known as Ladang Sri Telang, Ladang Ulu Lepar 1, Ladang Kampung Pasir and Ladang Kampung Kabu (“**Estates**”) on as is where is basis.

(b) The purchase price for the estates sold by TMB to PKPP is for a cash consideration of RM249,118,000.00 and PKPP had paid ten percent (10%) deposit of RM24,911,800.00 to TMB. SPA2 provides for PKPP to pay the remaining amount of the purchase price in the sum of RM224,206,200 within six

(6) months after SPA2 was executed. However, PKPP had obtained an extension of time from TMB to comply with all the terms and conditions of SPA2 by 31 October 2020.

(c) Summary details of the Estates to be purchased under SPA2 are as set out in Appendix 3 to this Information Memorandum.

(d) The salient terms of SPA2 are as follows:

(i) Conditions Precedent

SPA2 is subjected to the following conditions precedent (“CP”):

- A. written approval to transfer the Estates from the Estate Land Board pursuant to Section 214A of the National Land Code 1965;
- B. written approval to transfer the Estates from the relevant State authority pursuant to the restriction of interest under the respective titles;
- C. the grant of all approvals stipulated under SPA1;
- D. the grant of all all approvals stipulated under the Sale and Purchase Agreement between PKPP and Alur Seri (please refer to SPA3 below);
- E. the grant of all all approvals stipulated under LTA1 above; and
- F. the grant of all all approvals under the Lease Termination Agreement between TMB, PKPP and KSB (please refer to LTA2 below).

(ii) Application for approval to transfer the Estates from the Estate Land Board

TMB is required to submit an application to obtain a written approval for the purpose of transferring the Estates from Estate Land Board in accordance with Section 214A of the National Land Code 1965 and to obtain a written approval from the state authority pursuant to the restriction of interest under the respective titles within sixty (60) days from the date of the SPA2 and PKPP is allowed to assist TMB to obtain such approval within six (6) months from the date of the SPA2 (“**Completion Date**”). The approval to transfer had been obtained from Pejabat Tanah Galian Pahang by a letter dated 17 February 2020 (“**Land Transfer Approval**”).

Pursuant to the Land Transfer Approval, TMB is exempted from obtaining the approval to transfer from the state authorities pursuant to the restriction of interest under the respective titles.

(iii) Approval for the financing

If PKPP intends to secure a financing from a bank or any financial institution to facilitate the purchase of the Estate, PKPP is required to obtain an approval for the financing within sixty (60) days from the date of the Agreement and PKPP must execute the Consent to Lease Form within sixty (60) days from the date of the Agreement. It is the intention of PKPP that the proceeds from the Sukuk

Wakalah is to be utilised to part finance the purchase consideration under this SPA2.

(iv) Consent from the MOF

PKPP is required to obtain a written consent from the MOF to secure a financing facility from the bank or any other financial institutions to facilitate the purchase of the Estates pursuant to Section 21(1)(d) of the Enactment. The approval from MOF was obtained vide a letter dated 27 February 2020.

(v) Extension of time to obtain approvals

If any of the required approvals is failed to be obtained before the Completion Date, then PKPP may apply for an extension of time from TMB and the latter shall have the sole discretion to allow the extension of time. Similarly, TMB may also apply for extension of time from PKPP for the purpose of obtaining the required approvals.

PKPP had vide letter dated 14 May 2020 obtained an extension of time from TMB to comply with all the terms and conditions of the SPA2 by 31 October 2020.

- (e) As at 30 June 2020, all the CPs under SPA2 have been fulfilled and fulfilment of the same was confirmed by the solicitors representing PKPP for SPA2 vide its letter dated 27 July 2020.

(4) Lease Termination Agreement No. 2 (“LTA2”)

- (a) On 12 April 2019, TMB, an associate company of PKPP, entered into LTA2 with PKPP for the termination of the Lease Agreement dated 10 April 2012 for the lease by PKPP to TMB of a piece of land known as PN 14632, Lot 4889, Mukim Cheka, Daerah Lipis, Pahang Darul Makmur (“**Land**”) (“**Lease Agreement**”).
- (b) Under the Lease Agreement, the Land is to be leased for a period of sixty (60) years until 9 April 2072. However, subsequent to the Lease Agreement, PKPP had thereafter charged the Land to CIMB Islamic Bank Berhad and details of the Land and the charge are as set out in Appendix 3 to this Information Memorandum.
- (c) It is agreed under LTA2 that the Lease Agreement be terminated earlier than the agreed period and that PKPP shall, in consideration for the early termination of lease for the Land, pay to the TMB the sum of RM31,069,942 which consists of:
- (iii) RM4,434,581.83 rental payment (“**Rental Payment**”); and
 - (iv) RM26,635,360.19 as payment for all assets on the Land which includes building, structure, fixtures and crops on *as is where is* basis (“**Asset Payment**”).

- (d) PKPP had paid a deposit of RM7,098,117.85 to TMB which consists of the entire Rental Payment and ten percent (10%) of Asset Payment. LTA2 provides for PKPP to pay the remaining sum of RM23,971,824.17 to TMB on the same date for payment of balance purchase price under SPA2.

- (e) The salient terms of LTA2 are as follows:

(i) Conditions Precedent

LTA2 is subjected to the following conditions precedent (“CP”):

- A. the grant of all approvals stipulated under SPA1;
- B. the grant of all approvals stipulated under SPA2;
- C. the grant of all approvals stipulated under the Sale and Purchase Agreement between PKPP and Alur Seri (please refer to SPA3 below); and
- D. the grant of all approvals under LTA1.

(ii) Extension of time to obtain approvals

If any of the required approvals is failed to be obtained within six (6) months from the date of LTA2, then PKPP may apply for an extension of time from TMB and the latter shall have the sole discretion to allow the extension of time. Similarly, TMB may also apply for extension of time from PKPP for the purpose of obtaining the required approvals.

PKPP had vide letter dated 14 May 2020 obtained an extension of time from TMB to comply with all the terms and conditions of LTA2 by 31 October 2020.

- (f) As at 30 June 2020, all the CPs under LTA2 have been fulfilled and fulfilment of the same was confirmed by the solicitors representing PKPP for LTA2 vide its letter dated 27 July 2020.

(5) Purchase of oil palm plantation by PKPP from Alur Seri

- (a) On 12 April 2019, Alur Seri, a company incorporated under the Companies Act 1965 and is within TMB’s group of companies, entered into a Sale and Purchase Agreement with PKPP, for the sale of one (1) estate known as Ladang Alur Seri (“**Estate**”) on as is where is basis (“**SPA3**”).
- (b) The purchase price for the estates sold by Alur Seri to PKPP is for a cash consideration of RM121,397,000.00. PKPP had paid ten percent (10%) deposit of RM12,139,700.00 to Alur Seri. SPA3 provides for PKPP to pay the remaining amount of the purchase price in the sum of RM109,257,300 within six (6) months

after SPA3 was executed. However, PKPP had obtained an extension of time from Alur Seri to comply with all the terms and conditions of SPA3 by 31 October 2020.

- (c) Summary details of the Estate is as set out in Appendix 3 to this Information Memorandum.
- (d) The salient terms of SPA3 are as follows:
 - (i) Conditions Precedent

SPA3 is subjected to the following conditions precedent (“CP”):

- (a) written approval to transfer the Estate from the Estate Land Board pursuant to Section 214A of the National Land Code 1965;
 - (b) written approval to transfer the Estate from the relevant State authority pursuant to the restriction of interest under the respective titles;
 - (c) all approvals stipulated under SPA1;
 - (d) all approvals stipulated under SPA2;
 - (e) all approvals stipulated under TLA1; and
 - (f) all approvals stipulated under TLA2.
 - (ii) Application for approval to transfer the Estate from the Estate Land Board

Alur Seri is required to submit an application to obtain a written approval for the purpose of transferring the Estate from Estate Land Board in accordance with Section 214A of the National Land Code 1965 and to obtain a written approval from the state authority pursuant to the restriction of interest under the respective titles within sixty (60) days from the date of the Agreement and PKPP is allowed to assist Alur Seri to obtain such approval within six (6) months from the date of the Agreement (“Completion Date”). The approval to transfer have been obtained from Pejabat Tanah Galian Pahang by a letter dated 5 June 2020 (“Land Transfer Approval”).

Pursuant to the Land Transfer Approval, Alur Seri is exempted from obtaining the approval to transfer from the state authorities pursuant to the restriction of interest under the respective titles.

- (iii) Approval for the financing

If PKPP intends to secure a financing from a bank or any financial institution to facilitate the purchase of the Estate, PKPP is required to obtain an approval for the financing within sixty (60) days from the date of the Agreement and PKPP must execute the Consent to Lease Form within sixty (60) days from the date of the Agreement. It is the intention of PKPP that the proceeds from the Sukuk Wakalah is to be utilised to part finance the purchase consideration under this SPA3.

(iv) Consent from the MOF

PKPP is required to obtain a written consent from the MOF to secure a financing facility from the bank or any other financial institutions to facilitate the purchase of the Estate pursuant to Section 21(1)(d) of the Enactment. The approval from MOF was obtained vide a letter dated 27 February 2020.

(v) Extension of time to obtain approvals

If any of the required approvals is failed to be obtained before the Completion Date, then PKPP may apply for an extension of time from Alur Seri and the latter shall have the sole discretion to allow the extension of time. Similarly, Alur Seri may also apply for the extension of time to PKPP for the purpose of obtaining the required approvals.

PKPP had vide letter dated 14 May 2020 obtained an extension of time from TMB to comply with all the terms and conditions of SPA1 by 31 October 2020.

- (e) As at 30 June 2020, all the CPs under SPA3 have been fulfilled and fulfilment of the same was confirmed by the solicitors representing PKPP for SPA3 vide its letter dated 27 July 2020.

(6) Side Letters to the Proposed Acquisition

- (a) In addition to SPA1, LTA1, SPA2, LTA2 and SPA3, PKPP had vide letters dated 15 February 2019 and 18 February 2019 between PKPP and TMB ("**Side Letters**"), agreed as part of the Proposed Acquisition, to pay to TMB the sum of RM46,397,000.00 for the property, plant and equipment located on some of the Estates under the Proposed Acquisition, details of which are as set out in Appendix 3 to this Information Memorandum.
- (b) The sum of RM46,397,000.00 shall also form part of the Acquisition Price.

7.4 Related Party Transactions

7.4.1 PKPP

In connection with related party transaction of the Issuer as at the FYE 2018, please refer to note 25 of the Audited Financial Statements for the FYE 2018 at Appendix 1 to this Information Memorandum.

For the FYE 2019, the Issuer had entered into the following related party transactions:

- (a) Normal transactions with its subsidiaries within its ordinary course of business which involved lease arrangements, payment of management fees, purchase of goods and services and division of profits;
- (b) Payment of fees, honorarium and emoluments to its directors and senior managements; and
- (c) Execution of SPA1, SPA2, SPA3, LTA1, LTA2 and the Side Letters with the Issuer's associate company, TMB and its group companies, for the acquisition of oil palm plantation estates, details of which are as set out at Section 7.3.1 and Appendix 3 of this Information Memorandum.

7.4.2 LCSB

Other than the normal transactions with the Issuer within its ordinary course of business which involved lease arrangements, payment of management fees, purchase of goods and services and division of profits, there are no other related party transactions entered into by LCSB from the year 2017 to 2019 which has a value of approximately more than five percent (5%) of LCSB's paid up capital for the FYE 2019.

Apart from the above, the Board is not aware of any other material information or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of PKPP.

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Section 8.0

CONFLICT OF INTEREST

8.1 In relation to the PA / LA / LM and Facility Agent for the Sukuk Wakalah Programme

After making enquiries as were reasonable in the circumstances, Maybank IB is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in their capacity as the PA / LA / LM and Facility Agent in relation to the Sukuk Wakalah Programme.

8.2 In relation to the Shariah Adviser for the Sukuk Wakalah Programme

After making enquiries as were reasonable in the circumstances, Maybank Islamic is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Shariah Adviser in relation to the Sukuk Wakalah Programme.

8.3 In relation to the Solicitors for the Sukuk Wakalah Programme

After making enquiries as were reasonable in the circumstances, Messrs. Kadir, Andri & Partners and Messrs. Abdul Raman Saad & Associates are not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Solicitors in relation to the Sukuk Wakalah Programme.

8.4 In relation to the Reporting Accountant for the Sukuk Wakalah Programme

After making enquiries as were reasonable in the circumstances, Messrs. Jamal, Amin & Partners is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Reporting Accountant in relation to the Sukuk Wakalah Programme

8.5 In relation to the Sukuk Trustee & Security Trustee for the Sukuk Wakalah Programme

After making enquiries as were reasonable in the circumstances, Pacific Trustees Berhad is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Sukuk Trustee and Security Trustee in relation to the Sukuk Wakalah Programme.

Appendix 1
Audited Financial Statements of PKPP for the FYE 2018



**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERTANIAN
NEGERI PAHANG
BAGI TAHUN BERAKHIR 31 DISEMBER 2018**

**KETUA AUDIT NEGARA
MALAYSIA**



**LAPORAN KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG
BAGI TAHUN BERAKHIR 31 DISEMBER 2018**

Laporan Mengenai Penyata Kewangan

Pendapat Berteguran

Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang telah diaudit oleh wakil saya yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2018 dan Penyata Pendapatan, Penyata Perubahan Dalam Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota kepada penyata kewangan seperti dinyatakan pada muka surat 3 hingga 28.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan pada 31 Disember 2018 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia/ Lembaga Pengarah dan Enakmen Pahang 14 tahun 2016 kecuali perkara yang dinyatakan di perenggan Asas Kepada Pendapat Berteguran.

Asas Kepada Pendapat Berteguran

Pelaburan Syarikat Bersekutu – RM512,848,508

Pelaburan Perbadanan dalam dua (2) syarikat bersekutu iaitu LKPP Goldkist Sdn. Bhd. dan Xorix Sdn. Bhd. telah mengalami rosot nilai masing-masing sejumlah RM10,800,000 dan RM631,528 tidak diambil kira dalam melaporkan nilai pelaburan syarikat bersekutu pada 31 Disember 2018. Hal ini menyebabkan jumlah Pelaburan Dalam Syarikat Bersekutu terlebih nyata sejumlah RM11,431,528. Selain itu, Pelaburan Dalam Syarikat Bersekutu Tanah Makmur Berhad juga telah terlebih nyata sejumlah RM15,850,464 kerana Perbadanan tidak mengambil kira pelupusan pegangan dalam syarikat tersebut melalui terbitan 31,700,929 unit *Redeemable Convertible Preference Share* berjumlah RM15,850,464.

Saya telah melaksanakan pengauditan berdasarkan Akta Audit 1957 dan *The International Standards of Supreme Audit Institutions*. Tanggungjawab saya diuraikan selanjutnya di perenggan Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan dalam laporan ini. Saya percaya bahawa bukti audit yang diperoleh adalah mencukupi dan bersesuaian untuk dijadikan asas kepada pendapat berteguran saya.

Kebebasan dan Tanggungjawab Etika Lain

Saya adalah bebas daripada Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan serta telah memenuhi tanggungjawab etika lain berdasarkan *The International Standards of Supreme Audit Institutions*.

Maklumat Lain Selain Daripada Penyata Kewangan dan Laporan Juruaudit Mengenainya

Lembaga Pengarah Perbadanan Kemajuan Pertanian Negeri Pahang bertanggungjawab terhadap maklumat lain dalam Laporan Tahunan. Pendapat saya terhadap Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan tidak meliputi maklumat lain selain daripada Penyata Kewangan dan Laporan Juruaudit mengenainya dan saya tidak menyatakan sebarang bentuk kesimpulan jaminan mengenainya.

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia/ diluluskan oleh Lembaga Pengarah dan Enakmen Pahang 14 tahun 2016. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakannya sebagai asas perakaunan.

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan

fraud atau kesilapan, dan mengeluarkan Laporan Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *The International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

Sebagai sebahagian daripada pengauditan mengikut *The International Standards of Supreme Audit Institutions*, saya menggunakan pertimbangan profesional dan mengekalkan keraguan profesional sepanjang pengauditan. Saya juga:

- a. Mengetahui dan menilai risiko salah nyata ketara dalam Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersesuaian untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, gambaran yang salah, atau mengatasi kawalan dalaman.
- b. Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan.
- c. Menilai kesesuaian dasar perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.
- d. Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperolehi, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Perbadanan Kemajuan Pertanian Negeri Pahang atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Laporan Juruaudit terhadap pendedahan yang berkaitan dalam Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperolehi sehingga tarikh Laporan Juruaudit.

- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

Saya telah berkomunikasi dengan Lembaga Pengarah, antaranya mengenai skop dan tempoh pengauditan yang dirancang serta penemuan audit yang signifikan termasuk kelemahan kawalan dalaman yang dikenal pasti semasa pengauditan.

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan Enakmen Pahang 14 tahun 2016, saya juga melaporkan perkara berikut:

- a. Pada pendapat saya, rekod perakaunan dan rekod lain yang dikehendaki Enakmen untuk disimpan oleh Perbadanan Kemajuan Pertanian Negeri Pahang dan subsidiarinya yang mana kami telah bertindak sebagai juruaudit telah disimpan dengan sempurna menurut peruntukan Enakmen.
- b. Saya telah mempertimbangkan akaun dan Laporan Juruaudit bagi semua subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam Nota 6 kepada penyata kewangan yang telah dimasukkan dalam akaun disatukan.
- c. Saya berpuas hati bahawa akaun subsidiari yang disatukan dengan Penyata Kewangan Perbadanan Kemajuan Pertanian Negeri Pahang dalam bentuk dan kandungan yang sesuai dan teratur bagi tujuan penyediaan Penyata Kewangan Kumpulan dan saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.
- d. Laporan Juruaudit ke atas akaun subsidiari tidak mengandungi sebarang teguran atau pemerhatian yang boleh menjejaskan penyata kewangan.

Hal-hal Lain

Laporan ini dibuat untuk Lembaga Pengarah dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan laporan ini.



(ZULKIFLI BIN TUNGAL)
b.p KETUA AUDIT NEGARA
MALAYSIA

KUANTAN

23 SEPTEMBER 2019





PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG

**PENYATA KEWANGAN BAGI TAHUN
BERAKHIR 31 DISEMBER 2018**



PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG

Isi Kandungan

Muka surat

Penyata Oleh Ahli Lembaga Pengarah

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Penyata Oleh Ahli Lembaga Pengarah

Kami, Dato' Sri Haji Wan Rosdy bin Wan Ismail dan Dato' Indera Haji Mohamad Roslan bin Harun, dua orang daripada Ahli Lembaga Pengarah **PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG**, dengan ini menyatakan bahawa, pada pendapat Ahli Lembaga Pengarah, penyata kewangan yang dibentangkan di halaman 3 hingga 28 telah disediakan untuk memberi gambaran yang benar dan saksama mengenai kedudukan Kumpulan dan Perbadanan pada **31 Disember 2018** dan keputusan-keputusan sebenar serta aliran tunai Kumpulan dan Perbadanan bagi tahun berakhir pada tarikh tersebut adalah menurut Piawaian Perakaunan yang diluluskan di Malaysia.

.....
DATO' SRI HAJI WAN ROSDY BIN WAN ISMAIL

.....
DATO' INDERA HAJI MOHAMAD ROSLAN BIN HARUN

KUANTAN

Tarikh : **28 MAY 2019**



Akuan Berkanun

Saya, Hajah Sarwah binti Mohamed Jusoh, pegawai utama yang bertanggungjawab bagi pengurusan dan Penyata Kewangan **PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG**, dengan sesungguhnya dan seikhlasnya mengakui bahawa Penyata Kewangan yang dibentangkan di halaman 3 hingga 28 pada pengetahuan dan keyakinan saya adalah betul dan saya membuat pengakuan ini dengan mempercayai sesungguhnya bahawa ia adalah benar dan menurut peruntukan-peruntukan Akta Akuan Berkanun, 1960.

.....
HAJAH SARWAH BINTI MOHAMED JUSOH

Ditandatangani dan diakui sesungguhnya oleh penama di atas
Hajah Sarwah binti Mohamed Jusoh di Kuantan pada 27 MAY 2019

Di hadapan saya,

Pesuruhjaya Sumpah
MATANG ABDULLAH BIN ABDUL WAHAB (C134)
PESURUHJAYA SUMPAH
No. 2-11, Tingkat 2,
Bangunan UTC Pahang,
Jalan Stadium, 25000 Kuantan,
Pahang Darul Makmur.

Penyata Kedudukan Kewangan

pada 31 Disember 2018

		Kumpulan		Perbadanan	
	Nota	2018 RM	2017 RM	2018 RM	2017 RM
ASET					
Aset bukan semasa					
Hartanah, loji dan peralatan	4	376,166,075	379,313,777	164,942,875	162,256,956
Aset biologi	5	220,676,269	226,957,857	176,866,404	186,471,900
Anak-anak syarikat	6	-	-	68,826,620	70,956,446
Syarikat-syarikat bersekutu	7	814,986,579	490,815,457	512,848,508	193,686,906
Pelaburan lain	8	52,759,920	502,248,202	50,438,785	430,395,227
Jumlah terutang daripada PKNP	9	500,000	500,000	500,000	500,000
Penghutang perniagaan dan lain	12	3,246,934	3,261,640	-	-
		1,468,335,777	1,603,096,933	974,423,192	1,044,267,435
Aset semasa					
Aset biologi	5	5,790,747	4,889,445	-	-
Pelaburan lain	8	453,200,954	91,387,142	274,563,017	-
Inventori	10	11,987,373	19,753,187	198,910	2,059,369
Pembangunan hartanah	11	35,419,265	31,145,582	-	-
Penghutang perniagaan dan lain	12	148,391,115	139,560,606	125,731,801	137,702,893
Pinjaman peserta	13	4,886,435	6,070,549	4,886,435	6,070,549
Cukai boleh tuntutan		33,886,010	26,400,671	10,192,487	16,859,159
Simpanan tetap, tunai dan baki di bank	14	663,246,343	618,639,876	317,632,720	216,719,645
		1,356,808,242	937,847,058	733,205,370	379,411,615
JUMLAH ASET		2,825,144,019	2,540,943,991	1,707,628,562	1,423,679,050
EKUITI DAN LIABILITI					
Rizab					
Keuntungan terkumpul		2,434,822,454	2,140,498,737	1,437,027,696	1,139,499,900
Ekuiti pemilik Perbadanan		2,434,822,454	2,140,498,737	1,437,027,696	1,139,499,900
Kepentingan tak mengawal		5,601,427	5,945,720	-	-
		2,440,423,881	2,146,444,457	1,437,027,696	1,139,499,900
Liabiliti bukan semasa					
Liabiliti sewa beli	15	75,829	94,088	-	-
Pinjaman bank	16	11,735,954	12,546,045	-	-
Pendapatan pajakan tertunda	17	116,936,426	115,316,104	116,936,426	115,316,104
Liabiliti cukai tertunda	18	68,673,285	60,431,610	53,088,355	46,802,703
		197,421,494	188,387,847	170,024,781	162,118,807
Liabiliti semasa					
Pemiutang perniagaan dan lain	19	185,059,732	205,306,068	100,576,085	122,060,343
Liabiliti sewa beli	15	26,002	27,000	-	-
Pinjaman bank	16	804,357	778,619	-	-
Bank overdraf	14	1,033,083	-	-	-
Cukai kena bayar		375,470	-	-	-
		187,298,644	206,111,687	100,576,085	122,060,343
Jumlah liabiliti		384,720,138	394,499,534	270,600,866	284,179,150
JUMLAH EKUITI DAN LIABILITI		2,825,144,019	2,540,943,991	1,707,628,562	1,423,679,050

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Penyata Pendapatan

bagi tahun berakhir 31 Disember 2018

	Nota	Kumpulan		Perbadanan	
		2018 RM	2017 RM	2018 RM	2017 RM
Hasil	20	447,436,988	626,181,915	171,262,343	260,815,886
Kos jualan		(335,250,872)	(384,380,241)	(130,415,362)	(154,952,888)
Keuntungan kasar		112,186,116	241,801,674	40,846,981	105,862,998
Pendapatan lain		143,833,063	38,745,231	137,773,081	69,258,415
Kos pengedaran		(4,774,195)	(5,556,703)	-	-
Kos pentadbiran dan operasi		(159,485,242)	(111,660,147)	(84,731,775)	(48,739,053)
Keuntungan daripada operasi	21	91,759,742	163,330,055	93,888,287	126,382,360
Kos kewangan	23	(1,016,343)	(1,462,844)	(192,228)	(620,205)
Bahagian keputusan daripada syarikat-syarikat bersekutu		7,936,591	49,540,353	-	-
Keuntungan sebelum cukai		98,679,990	211,407,564	93,696,059	125,762,155
Cukai	24	(34,256,006)	(31,995,076)	(26,060,468)	(13,564,457)
Keuntungan bersih bagi tahun semasa		64,423,984	179,412,488	67,635,591	112,197,698
Keuntungan bersih bagi tahun semasa boleh dikaitkan kepada:					
Pemilik Perbadanan		64,431,512	179,118,657	67,635,591	112,197,698
Kepentingan tak mengawal		(7,528)	293,831	-	-
		64,423,984	179,412,488	67,635,591	112,197,698

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Penyata Perubahan Dalam Ekuiti

bagi tahun berakhir 31 Disember 2018

Kumpulan	Premium Saham RM	Rizab Penilaian Semula RM	Keuntungan Berkumpul RM	Jumlah RM	Kepentingan Tak Mengawal RM	Jumlah RM
Pada 1.1.2018 :						
- Seperti dinyatakan sebelumnya	-	-	2,140,498,737	2,140,498,737	5,945,720	2,146,444,457
- Pelarasan tahun lepas	-	-	229,892,205	229,892,205	-	229,892,205
Seperti dinyatakan semula	-	-	2,370,390,942	2,370,390,942	5,945,720	2,376,336,662
Keuntungan bersih bagi tahun semasa	-	-	64,431,512	64,431,512	(7,528)	64,423,984
Dividen dibayar kepada kepentingan tak mengawal	-	-	-	-	(336,765)	(336,765)
Pada 31.12.2018	-	-	2,434,822,454	2,434,822,454	5,601,427	2,440,423,881
Pada 1.1.2017 :						
- Seperti dinyatakan sebelumnya	12,000,000	205,609,137	1,950,222,287	2,167,831,424	36,835,904	2,204,667,328
- Pelarasan tahun lepas	-	-	4,392,773	4,392,773	-	4,392,773
Seperti dinyatakan semula	12,000,000	205,609,137	1,954,615,060	2,172,224,197	36,835,904	2,209,060,101
Keuntungan bersih bagi tahun semasa	-	-	179,118,657	179,118,657	293,831	179,412,488
Perubahan pegangan pelaburan ke atas anak syarikat	(12,000,000)	(205,609,137)	6,765,020	(210,844,117)	(31,184,015)	(242,028,132)
Pada 31.12.2017	-	-	2,140,498,737	2,140,498,737	5,945,720	2,146,444,457

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Penyata Perubahan Dalam Ekuiti

bagi tahun berakhir 31 Disember 2018

Perbadanan	Keuntungan Terkumpul RM	Jumlah RM
Pada 1.1.2018 :		
- Seperti dinyatakan sebelumnya	1,139,499,900	1,139,499,900
- Pelarasan tahun lepas	229,892,205	229,892,205
Seperti dinyatakan semula	1,369,392,105	1,369,392,105
Keuntungan bersih bagi tahun semasa	67,635,591	67,635,591
Pada 31.12.2018	1,437,027,696	1,437,027,696
Pada 1.1.2017 :		
- Seperti dinyatakan sebelumnya	1,022,909,429	1,022,909,429
- Pelarasan tahun lepas	4,392,773	4,392,773
Seperti dinyatakan semula	1,027,302,202	1,027,302,202
Keuntungan bersih bagi tahun semasa	112,197,698	112,197,698
Pada 31.12.2017	1,139,499,900	1,139,499,900

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Penyata Aliran Tunai

bagi tahun berakhir 31 Disember 2018

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
ALIRAN TUNAI DARIPADA KEGIATAN OPERASI				
Keuntungan sebelum cukai	98,679,990	211,407,564	93,696,059	125,762,155
Pelarasan:				
Hartanah, loji dan peralatan				
- Susutnilai	17,568,182	17,509,881	6,671,848	7,436,531
- Pelarasan	175,145	3,383	175,145	3,383
- Hapuskira	1,662	28,883	1,555	28,158
- Keuntungan	(344,296)	(532,432)	(661,169)	(417,504)
Pelunasan aset biologi	18,574,480	18,506,190	15,311,596	14,999,439
Hapuskira aset biologi	203,383	229,750	-	-
Pulih semula rosotnilai saham	-	(14,301,250)	-	(13,786,992)
Peruntukan hutang ragu	-	2,430	-	2,430
Keuntungan atas penjualan pelaburan lain	(18,376)	(6,406,252)	-	(9,091,181)
Keuntungan nilai saksama atas pelaburan dalam syarikat-				
syarikat bersekutu	(91,872,951)	-	(91,872,951)	-
Kerugian nilai saksama atas pelaburan lain	(374,773)	-	17,896,938	-
Kerugian penjejasan atas pelaburan dalam anak-anak				
syarikat	-	-	2,129,826	-
Kerugian penjejasan atas penghutang perniagaan	123,156	-	-	-
Pendapatan dividen kasar	(15,277,292)	-	(31,881,987)	(37,014,709)
Hapuskira hutang lapuk	-	122,156	-	5,408
Hapuskira pelaburan	-	1,529,500	-	1,529,500
Bahagian keputusan syarikat-syarikat bersekutu	(5,009,520)	(49,540,353)	-	-
Perubahan pegangan pelaburan anak syarikat	-	6,765,020	-	-
Perbelanjaan faedah	1,016,343	1,462,844	192,228	620,205
Pendapatan faedah	(29,088,936)	(23,914,698)	(9,170,785)	(15,927,672)
(kerugian)/Keuntungan operasi sebelum perubahan				
modal kerja	(5,643,803)	162,872,616	2,488,303	74,149,151
Perubahan dalam modal kerja:				
Inventori	7,765,814	(3,125,784)	1,860,459	(402,820)
Pembangunan hartanah	(4,273,683)	6,372,159	-	-
Penghutang	(9,323,274)	(12,687,544)	12,770,891	16,965,512
Pemiutang	(20,233,913)	12,710,645	(21,471,835)	5,304,634
Aliran tunai daripada/(digunakan dalam) operasi	(31,708,859)	166,142,092	(4,352,182)	96,016,477
Faedah dibayar	(1,016,343)	(1,462,844)	(192,228)	(620,205)
Faedah diterima	29,088,936	23,914,698	9,170,785	15,927,672
Cukai dibayar	(33,138,162)	(40,093,903)	(13,108,144)	(7,898,340)
Cukai dikembalikan	13,962	-	-	-
Aliran tunai bersih (digunakan dalam)/daripada				
kegiatan operasi	(36,760,466)	148,500,043	(8,481,769)	103,425,604

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Penyata Aliran Tunai

bagi tahun berakhir 31 Disember 2018 (samb.)

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
ALIRAN TUNAI DARIPADA KEGIATAN PELABURAN				
Perolehan daripada penjualan hartanah, loji dan peralatan	601,078	123,031	1,410,612	-
Perolehan daripada penjualan pelaburan lain	90,571,132	79,770	90,000,000	-
Pembelian hartanah, loji dan peralatan	(14,854,070)	(22,285,705)	(10,283,911)	(11,270,359)
Tambahan aset biologi	(13,397,577)	(11,395,759)	(5,706,100)	(7,852,545)
Pembelian pelaburan lain	-	(36,095,000)	-	(35,000,000)
Dividen bersih diterima	15,277,292	13,980,431	31,881,987	37,014,709
Aliran tunai bersih daripada/(digunakan dalam) kegiatan pelaburan	78,197,855	(55,593,232)	107,302,588	(17,108,195)
ALIRAN TUNAI DARIPADA KEGIATAN PEMBIAYAAN				
Bayaran balik pemiutang sewa beli	(19,257)	(121,088)	-	-
Pembiayaan pemiutang sewa beli	-	240,789	-	-
Bayaran balik pinjaman bank	(784,353)	(749,175)	-	-
Pendapatan pajakan tertunda	1,620,322	(2,220,683)	1,620,322	(2,220,683)
Tambahan/(Bayaran) pinjaman peserta	1,184,114	4,150,703	-	4,150,703
Dividen dibayar kepada kepentingan tak mengawal	(336,765)	-	-	-
Aliran tunai bersih daripada kegiatan pembiayaan	1,664,061	1,300,546	1,620,322	1,930,020
Peningkatan bersih tunai dan kesetaraan tunai	43,101,450	94,207,357	100,441,141	88,247,429
Tunai dan kesetaraan tunai dibawa ke hadapan	618,639,876	524,432,519	216,719,645	128,472,216
Kesan pelarasan tahun sebelumnya	471,934	-	471,934	-
Tunai dan kesetaraan tunai dihantar ke hadapan	662,213,260	618,639,876	317,632,720	216,719,645
ANALISIS TUNAI DAN KESETARAAN TUNAI:-				
Simpanan tetap	575,062,896	339,068,811	301,310,232	194,389,607
Tunai dan baki di bank	88,183,447	279,571,065	16,322,488	22,330,038
Simpanan tetap, tunai dan baki di bank	663,246,343	618,639,876	317,632,720	216,719,645
Bank overdraf	(1,033,083)	-	-	-
	662,213,260	618,639,876	317,632,720	216,719,645

Nota-nota yang disertakan merupakan sebahagian asasi penyata kewangan.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018

1 MAKLUMAT AM

Perbadanan Kemajuan Pertanian Negeri Pahang adalah sebuah Perbadanan yang ditubuhkan di Malaysia di bawah Enakmen Dharurat Pahang Bil.7, Tahun 1971 (Pindaan 2002). Enakmen ini telah digantikan dengan Enakmen Pahang Bil.14 Tahun 2016. Nama Perbadanan Kemajuan Pertanian Negeri Pahang ("PKPP") telah digunapakai berkuatkuasa pada 1 Oktober 2016.

Aktiviti utama Perbadanan ialah memajukan sektor pertanian di negeri Pahang secara intensif dan berterusan. Aktiviti-aktiviti utama anak-anak syarikat dan syarikat-syarikat bersekutu masing-masing dinyatakan di dalam Nota 6 dan Nota 7 kepada penyata kewangan.

Tiada sebarang perubahan ketara dalam aktiviti-aktiviti ini di sepanjang tahun kewangan.

Pejabat berdaftar dan tempat perniagaan utama adalah terletak di Bangunan PKPP, Jalan Gambut, 25990 Kuantan, Pahang Darul Makmur.

Penyata kewangan adalah dinyatakan dalam Ringgit Malaysia ("RM").

2 ASAS PENYEDIAAN PENYATA KEWANGAN

Penyata kewangan Kumpulan dan Perbadanan telah disediakan selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia ("MPERS") yang diterbitkan oleh Lembaga Piawaian Perakaunan Malaysia ("MASB") dan keperluan Enakmen Pahang Bil.14 Tahun 2016.

Penyata kewangan Kumpulan dan Perbadanan telah disediakan menurut dasar kos sejarah, kecuali yang dinyatakan sebaliknya di dalam ringkasan dasar perakaunan di Nota 3 kepada penyata kewangan.

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

Dasar-dasar perakaunan berikut telah digunakan secara konsisten dalam perkara-perkara yang dianggap penting bagi penyata kewangan.

(a) Asas penyatuan

Penyata kewangan yang disatukan meliputi penyata kewangan Perbadanan dan semua anak-anak syarikatnya. Anak-anak syarikat adalah entiti yang dikawal oleh Perbadanan. Kawalan wujud apabila Perbadanan mempunyai kuasa untuk mentadbir dasar-dasar kewangan dan operasi sesebuah entiti. Pelaburan dalam anak-anak syarikat disenaraikan dalam Nota 6 kepada penyata kewangan dan dinyatakan pada kos ditolak kerugian penurunan nilai, jika ada.

Keputusan anak-anak syarikat telah dimasukkan di dalam penyata kewangan yang disatukan bermula dari tarikh pengambilalihan hingga tarikh penamatan kawalan. Penyata kewangan yang disatukan adalah disediakan menggunakan dasar perakaunan yang sama bagi urusanniaga dan peristiwa yang berlaku dalam keadaan yang sama. Baki, urusanniaga, pendapatan dan perbelanjaan daripada urusanniaga dalam Kumpulan dihapuskan sepenuhnya semasa penyatuan.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(a) Syarikat-syarikat bersekutu

Syarikat bersekutu adalah entiti di mana Kumpulan mempunyai pengaruh penting, dan bukan merupakan anak syarikat atau kepentingan di dalam entiti yang dikawal bersama. Pengaruh penting adalah kuasa untuk mengambil bahagian dalam dasar kewangan dan operasi syarikat yang dilaburkan tetapi tidak mempunyai kawalan atau kawalan bersama ke atas dasar-dasar tersebut. Pelaburan dalam syarikat-syarikat bersekutu disenaraikan dalam Nota 7 kepada penyata kewangan dan dinyatakan pada kos ditolak kerugian penurunan nilai, jika ada.

Pelaburan di dalam syarikat-syarikat bersekutu diambilkira dalam penyata kewangan yang disatukan menggunakan kaedah perakaunan ekuiti berasaskan kepada penyata kewangan terkini syarikat-syarikat bersekutu berkenaan, dari tarikh pengaruh penting bermula sehingga ke tarikh pengaruh penting ke atas syarikat-syarikat bersekutu tersebut tamat.

Pelaburan di dalam syarikat-syarikat bersekutu di dalam penyata kedudukan kewangan yang disatukan pada mulanya diiktiraf pada kos dan selepas itu dilaraskan dengan perubahan bahagian Kumpulan dalam aset bersih pelaburan tersebut selepas pengambilalihan. Apabila bahagian kerugian Kumpulan melebihi kepentingannya dalam syarikat-syarikat bersekutu, jumlah dibawa kepentingan tersebut dikurangkan kepada sifar dan Kumpulan tidak mengiktiraf kerugian selanjutnya kecuali jika ia menanggung obligasi perundangan atau konstruktif atau membuat bayaran bagi pihaknya.

Keuntungan belum direalisasi yang wujud daripada urusan di antara Kumpulan dan syarikat-syarikat bersekutu yang termasuk di dalam nilai aset dan tanggungan berkaitan yang dibawa, sebahagiannya adalah dihapuskan mengikut kadar kepentingan Kumpulan dalam bersekutu tersebut. Kerugian belum direalisasi yang wujud daripada urusan sedemikian juga dihapuskan sebahagiannya kecuali apabila kos tidak boleh diperolehi semula.

(b) Hartanah, loji dan peralatan

Semua hartanah, loji dan peralatan pada mulanya dinyatakan pada kos. Bagi aset yang dibeli, kos terdiri daripada harga belian tambah semua kos yang boleh diagihkan secara langsung yang dikenakan dalam membawa aset tersebut ke lokasi dan keadaan semasanya untuk kegunaan pengurusan. Bagi aset yang dibina sendiri, kos terdiri daripada semua kos langsung dan tidak langsung bagi pembinaan tetapi tidak termasuk keuntungan dalaman.

Semua hartanah, loji dan peralatan pada berikutnya dinyatakan pada kos tolak susutnilai terkumpul dan kerugian penjejasan terkumpul.

Tanah pegangan bebas dan aset dalam pembinaan tidak disusutnilaikan tetapi tertakluk kepada ujian penjejasan sekiranya terdapat petunjuk kepada penjejasan.

Tanah pegangan pajakan dipelunaskan mengikut ansuran yang sama sepanjang tempoh pajakan masing-masing dalam lingkungan 30 hingga 99 tahun.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(c) Hartanah, loji dan peralatan (sambungan)

Semua hartanah, loji dan peralatan yang lain disusutnilaikan dengan mengagihkan amaun boleh susutnilai bagi komponen penting atau sesuatu item sepanjang baki hayat berguna. Kaedah susutnilai yang digunakan ialah garis lurus dan hayat berguna bagi setiap kelas hartanah, loji dan peralatan adalah seperti berikut:

	Hayat berguna (tahun/%)
Bangunan dan kilang	2% - 33⅓%
Kenderaan	15% - 20%
Loji dan jentera	15% - 20%
Peralatan, perabut dan kelengkapan	10% - 40%
Infrastruktur dan harta-harta lain	2% - 40%

Pada hujung setiap tempoh pelaporan, nilai sisa, hayat berguna dan kaedah susutnilai bagi hartanah, loji dan peralatan akan disemak untuk kemunasabahan. Sebarang perubahan di dalam anggaran sesuatu item akan diselaraskan secara prospektif sepanjang baki hayat bergunanya, bermula dalam tempoh semasa.

Keuntungan dan kerugian atas pelupusan adalah ditentukan dengan membandingkan harga jualan dengan amaun dibawa aset dan diambilkira di dalam untung/(rugi) dari operasi.

(d) Aset biologi

Aset biologi Kumpulan terdiri daripada ladang tanaman kelapa sawit, lembu tenusu, ternakan lembu dan ternakan udang.

i) Ladang tanaman kelapa sawit

Ladang tanaman kelapa sawit dinyatakan pada kos tolak pelunasan terkumpul dan kerugian penjejasan terkumpul. Perbelanjaan penanaman ladang kelapa sawit baharu dan belum matang dibawa ke hadapan sebagai kos ladang kelapa sawit belum matang dan ditunjukkan sebagai aset biologi. Semua perbelanjaan penanaman berkaitan dengan ladang kelapa sawit baharu yang matang dalam setengah tahun pertama diambilkira sebagai perbelanjaan hasil di dalam penyata pendapatan. Perbelanjaan penanaman berkaitan dengan ladang kelapa sawit baharu yang matang dalam setengah tahun kedua dipermodalkan. Semua perbelanjaan penanaman atas ladang kelapa sawit yang matang selepas tempoh ini akan diambilkira sebagai perbelanjaan hasil di dalam penyata pendapatan.

Ladang tanaman kelapa sawit matang dipelunaskan dalam masa 20 tahun.

Kaedah pelunasan dan hayat berguna bagi ladang tanaman kelapa sawit akan disemak semula pada hujung setiap tempoh pelaporan, dan sebarang perubahan di dalam anggaran digunapakai secara prospektif sepanjang baki hayat bergunanya, bermula dalam tempoh semasa.

Apabila ladang tanaman kelapa sawit telah sampai kepada penghujung hayat bergunanya dan ditanam semula, amaun dibawa ladang tanaman kelapa sawit yang lama dinyahiktiraf, dan ladang tanaman kelapa sawit yang baharu dinyatakan sebagai penggantian kepada ladang tanaman kelapa sawit yang lama dan dipermodalkan.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(d) Aset biologi (sambungan)

ii) Lembu tenusu dan ternakan lembu

Lembu tenusu dan ternakan lembu dinyatakan pada nilai kos. Kos terdiri daripada kos pembelian, kos perolehan sampingan dan kos sehingga matang.

iii) Ternakan udang

Ternakan udang dinyatakan pada nilai yang terendah di antara kos dan nilai pasaran, yang ditentukan atas asas agregat. Kos ditentukan atas asas purata wajaran manakala nilai pasaran ditentukan berdasarkan pada harga jualan bersih semasa. Pada pelupusan ternakan, perbezaan di antara perbezaan di antara perolehan bersih daripada pelupusan dan jumlah yang dibawa diiktiraf dalam keuntungan atau kerugian.

(e) Inventori

Inventori dinyatakan pada kos dengan secara kaedah 'masuk dahulu keluar dahulu'. Kos adalah mengikut harga invois setelah elaun dibuat untuk inventori lama dan yang telah lapuk.

(f) Pembangunan hartanah

Pembangunan hartanah terdiri daripada pembangunan perumahan dan pejabat untuk dijual kepada pelanggan. Kos pembangunan hartanah termasuk kos tanah dan kos pembangunan yang dikumpulkan kepada akaun kerja dalam proses mengikut projek yang terlibat. Apabila keuntungan hasil daripada unit pembangunan yang dijual dicajkan kepada penyata pendapatan, kos pembangunan hartanah yang terkumpul berdasarkan kaedah peratusan juga akan dicajkan kepada penyata pendapatan. Unit pembangunan hartanah yang siap dan belum dijual pada akhir tahun dihantar ke hadapan sebagai inventori.

Pihak pengurusan syarikat menggunakan justifikasi yang relevan ke atas kawalan, risiko dan ganjaran setelah dipindahkan kepada pelanggan. Kawalan dipindahkan sejajar dengan masa apabila pelanggan memperoleh hasil daripada unit yang dijual mengikut kemajuan dan syarikat tidak mempunyai kegunaan substantif lain ke atas unit yang dijual selain daripada menyiapkan pembangunan dan apabila syarikat berhak menuntut pembayaran. Setelah kawalan dipindahmilik sejajar dengan masa kepada pelanggan, keuntungan dan kos pembangunan bagi unit yang telah terjual akan dicajkan kepada penyata pendapatan berdasarkan peratusan siap. Peratusan siap diukur berlandaskan sijil arkitek yang dikeluarkan sehingga sekarang.

(g) Penghutang

Penghutang dibawa pada jumlah invois tolak anggaran untuk hutang ragu berdasarkan pemeriksaan ke atas jumlah terhutang pada akhir tahun. Hutang lapuk dihapuskan apabila telah dikenalpasti.

(h) Tunai dan kesetaraan tunai

Tunai dan bersamaan tunai terdiri daripada tunai di tangan, simpanan di bank serta pelaburan jangka pendek dengan kecairan tinggi yang boleh diubah kepada jumlah tunai dengan mudah dan tertakluk kepada risiko rendah dalam perubahan nilai.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(i) Aset cukai dan liabiliti cukai

Cukai semasa bagi tempoh semasa dan terdahulu, sehingga tahap belum dibayar, diiktiraf sebagai liabiliti cukai semasa. Jika amaun tersebut telah dibayar berhubung dengan tempoh semasa dan terdahulu melebihi amaun terhutang bagi tempoh tersebut, lebihan tersebut diiktiraf sebagai aset cukai semasa. Liabiliti (Aset) cukai semasa diukur pada amaun yang dijangka akan dibayar (dikutip) menggunakan kadar cukai dan undang-undang cukai yang digubal atau sebahagian besarnya digubal pada tarikh pelaporan.

Cukai tertunda diperuntukkan sepenuhnya ke atas perbezaan sementara yang merupakan perbezaan di antara amaun bawaan dalam penyata kewangan dan asas cukai yang sama bagi aset dan liabiliti pada akhir tempoh pelaporan.

Liabiliti cukai tertunda diiktiraf bagi semua perbezaan sementara yang boleh dicukai yang dijangka akan meningkatkan keuntungan boleh dicukai pada masa depan. Aset cukai tertunda diiktiraf bagi semua perbezaan sementara yang boleh ditolak yang dijangka akan mengurangkan keuntungan boleh dicukai pada masa depan dan kerugian cukai yang tidak digunakan akan dibawa ke hadapan beserta kredit cukai yang tidak digunakan.

Liabiliti dan aset tertunda tidak diiktiraf bagi perbezaan sementara berkaitan dengan pengiktirafan awal sesuatu aset atau liabiliti dalam urusi niaga yang bukan penggabungan perniagaan dan pada masa urusi niaga, tidak menjejaskan keuntungan perakaunan mahupun keuntungan boleh dicukai. Liabiliti cukai tertunda juga tidak diiktiraf bagi perbezaan sementara berkaitan dengan pengiktirafan awal muhibah.

Liabiliti dan aset cukai tertunda menggambarkan akibat cukai yang akan mengikuti daripada cara Kumpulan dan Perbadanan menjangkakan untuk mendapatkan semula atau menyelesaikan amaun bawaan aset dan liabiliti dan diukur pada kadar cukai dan undang-undang yang dijangka akan digunakan untuk tempoh apabila aset tersebut direalisasi atau liabiliti diselesaikan, berdasarkan kadar cukai yang telah digubal atau sebahagian besarnya digubal pada tarikh pelaporan.

(j) Instrumen kewangan

i) Pengiktirafan dan pengukuran awal

Kumpulan dan Perbadanan mengiktiraf aset kewangan atau liabiliti kewangan di dalam penyata kedudukan kewangan apabila, dan hanya apabila, sebuah entiti menjadi suatu pihak kepada peruntukan berkontrak bagi instrumen tersebut.

Pada pengiktirafan awal, semua aset kewangan atau liabiliti kewangan diukur pada nilai saksama, iaitu secara umumnya adalah harga urusi niaga, campur kos urusi niaga sekiranya aset kewangan atau liabiliti kewangan tidak diukur pada nilai saksama melalui untung atau rugi. Bagi instrumen diukur pada nilai saksama melalui untung atau rugi, kos urusi niaga dijadikan perbelanjaan dalam untung atau rugi apabila berlaku.

ii) Pengukuran berikutnya – aset kewangan

Untuk tujuan pengukuran berikutnya, Kumpulan dan Perbadanan mengelaskan aset kewangan kepada dua kategori iaitu : (a) aset kewangan pada nilai saksama melalui untung atau rugi, dan (b) aset kewangan pada kos dilunas.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

4 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(j) Instrumen kewangan (sambungan)

ii) Pengukuran berikutnya – aset kewangan (sambungan)

Selepas pengiktirafan awal, pelaburan dalam saham keutamaan, saham biasa dan unit amanah diukur pada nilai saksama mereka dengan merujuk kepada harga pasaran aktif, jika boleh diperhatikan, atau sebaliknya melalui teknik penilaian, tanpa apa-apa penolakan kepada kos urus niaga yang mungkin berlaku semasa jualan atau pelupusan lain.

Pelaburan dalam instrumen hutang, sama ada disebut harga atau tidak disebut harga, berikutnya akan diukur pada kos terlunas menggunakan kaedah faedah berkesan. Pelaburan dalam ekuiti instrumen yang tidak disebut harga dan yang mana nilai saksama tidak boleh diukur secara boleh dipercayai adalah diukur pada kos.

Selain daripada aset kewangan yang diukur pada nilai saksama melalui untung atau rugi, semua aset kewangan tertakluk kepada semakan semula bagi penjejasan.

iii) Pengukuran berikutnya – liabiliti kewangan

Selepas pengiktirafan awal, semua liabiliti kewangan diukur pada kos terlunas menggunakan kaedah faedah efektif.

iv) Pengukuran nilai saksama instrumen kewangan

Nilai saksama bagi aset kewangan atau liabiliti kewangan ditentukan dengan merujuk kepada harga pasaran yang disebut harga dalam pasaran aktif, dan dalam ketiadaan harga pasaran yang boleh diperhatikan, melalui teknik penilaian menggunakan andaian yang munasabah dan boleh disokong.

v) Penjejasan

Pada hujung setiap tempoh pelaporan, aset kewangan yang diukur pada kos atau kos yang dilunaskan akan dinikahi sama ada terdapat bukti yang objektif bagi penjejasan. Sekiranya terdapat bukti yang objektif bagi penjejasan, kerugian penjejasan akan diiktiraf di dalam untung atau rugi dengan serta-merta.

Bagi aset kewangan yang diukur pada kos yang dilunaskan, kerugian penjejasan adalah perbezaan antara amaun dibawa bagi aset tersebut dan nilai semasa bagi aliran tunai yang dijangka didiskaunkan pada kadar faedah asal yang efektif bagi aset tersebut. Sekiranya aset kewangan yang seumpamanya terdapat kadar faedah boleh ubah, kadar diskaun untuk mengukur sebarang kerugian penjejasan adalah kadar faedah semasa yang berkesan yang ditentukan di bawah kontrak tersebut.

Bagi aset kewangan yang diukur pada kos tolak penjejasan, kerugian penjejasan adalah perbezaan antara amaun dibawa bagi aset tersebut dan amaun anggaran terbaik yang akan diterima bagi aset tersebut sekiranya ia dijual pada tarikh pelaporan.

Sekiranya, dalam tempoh berikutnya, amaun kerugian penjejasan berkurangan dan pengurangan boleh dikaitkan secara objektif kepada peristiwa yang berlaku selepas penjejasan diiktiraf, keterbalikan kerugian penjejasan yang diiktiraf sebelum ini akan diiktiraf di dalam untung atau rugi.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

3 RINGKASAN DASAR-DASAR PERAKAUNAN PENTING (sambungan)

(j) Instrumen kewangan (sambungan)

vi) Penyahiktirafan

Aset kewangan dinyahiktiraf hanya apabila : (a) hak berkontrak untuk menerima aliran tunai daripada aset kewangan tamat tempoh atau diselesaikan, atau (b) entiti memindahkan kepada pihak lain pada berikutnya semua risiko dan balasan pemilikan kepada aset kewangan, termasuk keadaan apabila entiti bertindak hanya sebagai agen pengutip bagi pemindah milik, dan kekal tiada risiko dan balasan pemilikan kepada aset kewangan atau tiada penglibatan berkesinambungan dalam kawalan aset kewangan yang dipindahkan.

Liabiliti kewangan dinyahiktiraf hanya apabila ia dipadamkan, iaitu apabila kewajipan tertentu di dalam kontrak, dilepaskan, dibatalkan atau tamat tempoh. Pengubahsuaian yang besar ke atas terma liabiliti kewangan yang sedia ada diakaunkan sebagai pemadaman liabiliti kewangan yang asal dan pengiktirafan liabiliti kewangan yang baharu.

(k) Pengiktirafan pendapatan

Pendapatan diiktiraf pada nilai saksama atas pertimbangan yang diterima atau akan diterima, selepas ditolak sebarang diskaun perdagangan, diskaun penyelesaian segera, jumlah rebat dan cukai tidak langsung yang terpakai kepada hasil. Sebahagian hasil utama bagi Kumpulan dan Perbadanan adalah seperti berikut.

(i) Hasil perladangan

Bagi hasil perladangan, ianya diiktiraf semasa penghantaran kelapa sawit, isi rong dan lain-lain setelah penerimaan pelanggan.

(ii) Hasil perhotelan

Bagi hasil perhotelan, ianya diiktiraf apabila perkhidmatan hotel telah diberikan kepada pelanggan dan setelah penerimaan pelanggan.

(iii) Khidmat yuran pengurusan

Khidmat yuran pengurusan terdiri daripada yuran kesetiausahaan dan peratus keuntungan ke atas anak-anak syarikat. Pendapatan diiktiraf berasaskan akruan dan resit bergantung pada keadaan.

(iv) Pendapatan lain

Pendapatan lain terdiri daripada sewaan, denda, pampasan, faedah, dividen, jualan hartanah, loji dan peralatan dan sebagainya. Pendapatan diiktiraf berasaskan akruan dan resit bergantung pada keadaan.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

4 HARTANAH, LOJI DAN PERALATAN

Kumpulan

Butiran lengkap hartanah, loji dan peralatan bagi Kumpulan adalah seperti berikut:

2018	Tanah pegangan bebas RM	Tanah pegangan pajakan RM	Bangunan dan kilang RM	Kenderaan RM	Loji dan jentera RM	Peralatan, perabot dan kelengkapan RM	Infrastruktur dan harta-harta lain RM	Aset dalam pembinaan RM	Jumlah RM
Kos									
Pada 1.1.2018	24,407,764	126,540,732	167,419,562	27,911,891	74,598,198	28,530,891	86,216,969	37,750,049	573,376,056
Tambahan	-	2,758,333	1,082,588	1,495,272	343,515	1,334,977	279,044	7,210,341	14,504,070
Pelarasan	-	-	(151,895)	-	-	-	(23,250)	-	(175,145)
Pelupusan	-	-	(84,220)	(1,189,240)	(653,480)	(642,388)	-	-	(2,569,328)
Hapuskira	-	-	(30,680)	(78,348)	(43,220)	(487,255)	-	-	(639,503)
Pengkelasan	-	522,383	1,195,765	-	2,382,486	3,516,863	(5,200)	(7,612,297)	-
Pindaan	-	-	-	-	(24,000)	-	-	-	(24,000)
Pada 31.12.2017	24,757,764	129,079,292	169,431,120	28,139,575	76,603,499	32,253,088	86,467,563	38,418,729	585,150,630
Susutnilai terkumpul									
Pada 1.1.2018	-	22,270,909	64,197,003	24,054,929	49,210,174	20,996,383	13,332,881	-	194,062,279
Susutnilai semasa	-	1,242,287	5,321,497	1,596,690	4,165,629	2,583,086	2,658,993	-	17,568,182
Pelupusan	-	-	(84,212)	(1,032,739)	(612,807)	(582,788)	-	-	(2,312,546)
Hapuskira	-	-	(30,674)	(78,343)	(42,761)	(486,063)	-	-	(637,841)
Pengkelasan	-	(68,700)	20,700	(620)	129,565	(80,945)	-	-	-
Pindaan	-	-	-	-	(23,999)	-	-	-	(23,999)
Pada 31.12.2018	-	23,392,020	69,424,314	24,539,917	52,825,801	22,429,673	15,991,874	-	208,603,599
Nilai buku bersih									
Pada 31.12.2017	24,407,764	104,269,823	103,222,559	3,856,962	25,388,024	7,534,508	72,884,088	37,750,049	379,313,777
Pada 31.12.2018	24,472,764	105,306,316	100,006,806	3,599,658	23,777,698	9,823,415	70,475,689	38,418,729	376,166,075

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4 HARTANAH, LOJI DAN PERALATAN (sambungan)

Perbadanan

Butiran lengkap hartanah, loji dan peralatan bagi Perbadanan adalah seperti berikut:

2018	Tanah pegangan bebas RM	Tanah pegangan pajakan RM	Bangunan dan kilang RM	Kenderaan RM	Loji dan jentera RM	Peralatan, perabot dan kelengkapan RM	Harta- harta lain RM	Aset Dalam pembinaan RM	Jumlah RM
Kos									
Pada 1.1.2018	21,604,714	95,973,427	89,277,803	14,951,832	2,830,935	14,588,141	6,858,053	2,314,124	248,399,029
Tambahan	-	2,758,333	672,602	1,145,806	209,300	907,477	14,432	4,575,961	10,283,911
Pelarasan	-	-	(151,895)	-	-	-	(23,250)	-	(175,145)
Pelupusan	-	(742,156)	(84,220)	(799,240)	(26,080)	(503,603)	-	-	(2,155,299)
Hapuskira	-	-	(30,680)	(78,348)	(43,220)	(252,292)	-	-	(404,540)
Pengkelasan	-	-	424,853	-	-	-	-	(424,853)	-
Pindahan	-	-	-	-	(24,000)	-	-	-	(24,000)
Pada 31.12.2018	21,604,714	97,989,604	90,108,463	15,220,050	2,946,935	14,739,723	6,849,235	6,465,232	255,923,956
Susutnilai terkumpul									
Pada 1.1.2018	-	16,361,214	38,275,826	13,129,653	2,105,872	11,718,738	4,550,770	-	86,142,073
Susutnilai semasa	-	1,008,354	3,694,765	480,150	186,503	1,218,739	83,337	-	6,671,848
Pelupusan	-	(52,476)	(84,212)	(797,658)	(26,075)	(445,435)	-	-	(1,405,856)
Hapuskira	-	-	(30,674)	(78,343)	(42,761)	(251,207)	-	-	(402,985)
Pindahan	-	-	-	-	(23,999)	-	-	-	(23,999)
Pada 31.12.2018	-	17,317,092	41,855,705	12,733,802	2,199,540	12,240,835	4,634,107	-	90,981,081

Nilai buku bersih

Pada 31.12.2017	21,604,714	79,612,213	51,001,977	1,822,179	725,063	2,869,403	2,307,283	2,314,124	162,256,956
Pada 31.12.2018	21,604,714	80,672,512	48,252,758	2,486,248	747,395	2,498,888	2,215,128	6,465,232	164,942,875

Nota-Nota Kepada Penyata Kewangan

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5 ASET BIOLOGI

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Pada 1 Januari	231,847,302	290,024,483	186,471,900	193,618,794
Tambahan	49,780,732	46,805,826	5,706,100	7,852,545
Pelunasan semasa	(18,574,480)	(18,506,190)	(15,311,596)	(14,999,439)
Hapuskira	(203,383)	(229,750)	-	-
Dituai	(36,383,155)	(35,410,067)	-	-
Perubahan pegangan pelaburan anak syarikat	-	(50,837,000)	-	-
Pada 31 Disember	226,467,016	231,847,302	176,866,404	186,471,900
Analisa:				
Bukan semasa	220,676,269	226,957,857	176,866,404	186,471,900
Semasa	5,790,747	4,889,445	-	-
	226,467,016	231,847,302	176,866,404	186,471,900

Aset biologi ini terdiri daripada ladang matang, ladang belum matang, lembu tenusu, ternakan lembu dan ternakan udang yang dinyatakan menggunakan model kos.

Nilai saksama bagi aset biologi ini tidak dapat dinyatakan dengan pasti tanpa kos dan usaha tidak wajar kerana jurunilai profesional luar akan melibatkan kos yang penting sebahagian besarnya melebihi faedah kepada pengguna, dan juga tiada harga pasaran yang boleh dibandingkan.

Nota-Nota Kepada Penyata Kewangan

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6 ANAK-ANAK SYARIKAT

	Perbadanan	
	2018 RM	2017 RM
Saham dalam anak-anak syarikat, pada kos Kerugian penjejasan terkumpul	71,479,612 (2,652,992)	71,479,612 (523,166)
Pada 31 Disember	68,826,620	70,956,446

Anak-anak syarikat adalah seperti berikut:

Nama syarikat	Ditubuhkan di negara	Kepentingan ekuiti berkesan Kumpulan		Aktiviti-aktiviti utama
		2018 %	2017 %	
LKPP Corporation Sdn Bhd	Malaysia	100	100	Pengurusan ladang, penanaman dan pemprosesan buah kelapa sawit serta pegangan pelaburan
LKPP Property Sdn Bhd	Malaysia	100	100	Agen penjualan rumah, perunding, kontraktor, pemaju perumahan dan perladangan kelapa sawit
PKPP Plantation Sdn Bhd	Malaysia	100	100	Agen pengurusan ladang
PKPP Agro Sdn Bhd	Malaysia	100	100	Perusahaan menanam, memproses, membeli dan menjual padi dan beras serta tanaman kelapa sawit dan akuakultur secara usahasama
Kenanga Utuh Sdn Bhd	Malaysia	100	100	Pengurusan hotel, pengurusan sumber manusia dan pengurusan pusat latihan akademik

Kesemua penyata kewangan anak-anak syarikat di atas diaudit oleh firma-firma akauntan yang berlainan.

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7 SYARIKAT-SYARIKAT BERSEKUTU

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Saham dalam syarikat-syarikat bersekutu				
- tidak disebut harga pada kos	69,315,942	69,315,942	69,315,942	69,315,942
- disebut harga pada nilai saksama	443,532,566	124,370,964	443,532,566	124,370,964
	512,848,508	193,686,906	512,848,508	193,686,906
- bahagian keuntungan selepas Pengambilalihan	302,138,071	297,128,551	-	-
Pada 31 Disember	814,986,579	490,815,457	512,848,508	193,686,906

Syarikat-syarikat bersekutu adalah seperti berikut:

Nama syarikat	Ditubuhkan di negara	Kepentingan ekuiti berkesan Kumpulan		Aktiviti-aktiviti utama
		2018 %	2017 %	
LKPP-Goldkist Sdn Bhd	Malaysia	40	40	Penetasan anak ayam daging
Far East Holdings Berhad *	Malaysia	25	25	Perladangan kelapa sawit, jualan buah tandan segar, minyak sawit, isirong dan pegangan pelaburan
Tanah Makmur Berhad ^	Malaysia	24	33	Perladangan kelapa sawit, jualan buah tandan segar dan keluaran berkaitan
Xorix Sdn Bhd	Malaysia	46	46	Pegangan pelaburan
Astral Asia Berhad *	Malaysia	27	27	Pegangan pelaburan
Astral Asia Plantation Sdn Bhd #	Malaysia	35	35	Pengurusan dan pengoperasian ladang kelapa sawit

Kesemua penyata kewangan syarikat-syarikat bersekutu di atas diaudit oleh firma akauntan yang berlainan.

* Astral Asia Berhad dan Far East Holdings Berhad merupakan syarikat-syarikat awam yang disenaraikan di Bursa Malaysia Securities Berhad.

^ Tanah Makmur Berhad telah dinyahsenarai daripada Bursa Malaysia Securities Berhad pada 27 Mac 2017.

Para Pengarah syarikat Astral Asia Plantation Sdn Bhd menganggap Astral Asia Berhad sebagai syarikat induk utamanya memandangkan Perbadanan hanya memegang 35% (2017 : 35%) ekuiti syarikat ini secara langsung.

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8 PELABURAN LAIN

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Bukan semasa				
- disebuttharga pada nilai saksama	52,759,920	-	50,438,785	-
- disebuttharga pada kos	-	132,188,683	-	60,335,708
- peruntukan rosotnilai pelaburan	-	(11,033,112)	-	(11,033,112)
	-	121,155,571	-	49,302,631
- tidak disebuttharga pada kos	-	381,727,945	-	381,727,945
- peruntukan rosotnilai pelaburan	-	(635,314)	-	(635,314)
	-	381,092,631	-	381,092,631
	52,759,920	502,248,202	50,438,785	430,395,227
Semasa				
- disebuttharga pada nilai saksama	383,909,929	90,387,142	274,563,017	-
- tidak disebuttharga pada kos	71,699,327	3,408,302	-	-
- kerugian penjejasan terkumpul	(2,408,302)	(2,408,302)	-	-
	69,291,025	1,000,000	-	-
	453,200,954	91,387,142	274,563,017	-
	505,960,874	593,635,344	325,001,802	430,395,227

9 JUMLAH TERHUTANG DARIPADA PKNP

	Kumpulan dan Perbadanan	
	2018 RM	2017 RM
Jumlah terhutang daripada PKNP	500,000	500,000

10 INVENTORI

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Pada kos				
- Bahan mentah	1,816,955	3,053,931	117,481	1,614,750
- Bahan gunaan	267,334	66,434	70,755	66,434
- Barang siap	386,986	1,615,732	-	-
- Hartanah dipegang untuk jualan	1,219,916	1,712,484	-	-
- Tapak samaian	-	369,930	-	369,930
- Stor dan makmal	668,544	934,732	10,674	8,255
- Anak benih	1,374,318	842,304	-	-
	5,734,053	8,595,547	198,910	2,059,369
Pada nilai boleh direalisasikan bersih				
- Bahan mentah	68,671	91,265	-	-
- Barang siap	6,184,649	11,066,375	-	-
	6,253,320	11,157,640	-	-
Pada 31 Disember	11,987,373	19,753,187	198,910	2,059,369

Nota-Nota Kepada Penyata Kewangan

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11 PEMBANGUNAN HARTANAH

	Kumpulan	
	2018 RM	2017 RM
Pada 1 Januari	31,145,582	37,517,741
Dibelanjakan dalam tahun	14,179,983	3,349,784
Dipindahkan ke inventori	-	(1,712,484)
Caj ke penyata pendapatan	(9,906,300)	(8,009,459)
Pada 31 Disember	35,419,265	31,145,582
Baki pada 31 Disember		
- tanah	7,767,708	7,746,922
- perbelanjaan pembangunan	48,201,541	34,470,618
- kos terkumpul ke penyata pendapatan	(20,549,984)	(11,071,958)
	35,419,265	31,145,582

12 PENGHUTANG PERNIAGAAN DAN LAIN

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Bukan semasa				
Penghutang perniagaan	887,790	887,790	-	-
Penghutang lain	2,184,572	2,188,959	-	-
Prabayar	174,572	184,891	-	-
	3,246,934	3,261,640	-	-
Semasa				
Penghutang perniagaan	82,907,522	92,001,028	2,290,160	2,722,037
Kerugian penjejasan terkumpul	(15,189,680)	(15,081,469)	-	-
	67,717,842	76,919,559	2,290,160	2,722,037
Penghutang lain	21,232,921	22,760,724	10,876,981	9,644,898
Kerugian penjejasan terkumpul	(24,967)	(24,967)	-	-
	21,207,954	22,735,757	10,876,981	9,644,898
Cukai input CBP	89,645	12,046	89,645	12,046
Deposit	25,313,609	1,977,504	23,044,356	-
Prabayar	262,639	-	-	-
Bayaran kemajuan	1,376,304	-	-	-
Jumlah terhutang daripada anak-anak syarikat	-	-	87,769,332	124,823,912
Jumlah terhutang daripada syarikat-syarikat bersekutu	-	-	1,661,327	500,000
Jumlah terhutang daripada syarikat berkaitan	32,423,122	37,915,740	-	-
	148,391,115	139,560,606	125,731,801	137,702,893
	151,638,049	142,822,246	125,731,801	137,702,893

Nota-Nota Kepada Penyata Kewangan

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13 PINJAMAN PESERTA

	Kumpulan dan Perbadanan	
	2018 RM	2017 RM
Pada 1 Januari	6,070,549	10,221,252
Tambahan	520,394	4,218,548
Terimaan bayaran	(1,704,508)	(8,368,346)
Pelarasan	-	(905)
Pada 31 Disember	4,886,435	6,070,549

14 TUNAI DAN KESETARAAN TUNAI

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Simpanan tetap di bank berlesen	575,062,896	339,068,811	301,310,232	194,389,607
Tunai dan baki di bank	88,183,447	279,571,065	16,322,488	22,330,038
Simpanan tetap, tunai dan baki di bank	663,246,343	618,639,876	317,632,720	216,719,645
Bank overdraf	(1,033,083)	-	-	-
	662,213,260	618,639,876	317,632,720	216,719,645

Kadar purata faedah atas simpanan tetap setahun pada akhir tahun adalah seperti berikut:

	Kumpulan		Perbadanan	
	2018 %	2017 %	2018 %	2017 %
Simpanan tetap di bank berlesen	3.88	3.37	3.88	3.70

Tempoh purata matang simpanan tetap untuk Kumpulan dan Perbadanan adalah antara 30 hingga 365 hari (2017 : 30 hingga 365 hari).

15 LIABILITI SEWA BELI

	Kumpulan	
	2018 RM	2017 RM
Pembayaran liabiliti sewa beli :		
Tidak melebihi daripada 1 tahun	29,148	30,144
Lebih daripada 1 tahun dan tidak melebihi 5 tahun	85,005	105,538
	114,153	135,682
Faedah belum jelas	(12,322)	(14,594)
	101,831	121,088
Analisa:		
Semasa / Tidak melebihi daripada 1 tahun	26,002	27,000
Bukan semasa / Lebih daripada 1 tahun dan tidak melebihi 5 tahun	75,829	94,088
	101,831	121,088

Nota-Nota Kepada Penyata Kewangan

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16 PINJAMAN BANK

	Kumpulan	
	2018 RM	2017 RM
Pinjaman bank (bayaran dalam tempoh 12 bulan)	804,357	778,619
Pinjaman bank (bayaran dalam tempoh selepas 12 bulan)	11,735,954	12,546,045
	12,540,311	13,324,664

Pinjaman bank Kumpulan adalah bercagar ke atas hartanah, loji dan peralatan tertentu (Nota 4) dan aset biologi (Nota 6).

Pinjaman bank Kumpulan tertakluk kepada kadar faedah efektif 6.04% (2017 : 5.59%) setahun.

17 PENDAPATAN PAJAKAN TERTUNDA

	Kumpulan dan Perbadanan	
	2018 RM	2017 RM
Pada 1 Januari	115,316,104	117,536,787
Penambahan	3,593,655	-
Terimaan bayaran	(1,973,333)	(2,220,683)
Pada 31 Disember	116,936,426	115,316,104

18 LIABILITI CUKAI TERTUNDA

Aset dan liabiliti cukai tertunda diofsetkan apabila terdapat hak perundangan untuk mengofsetkan aset cukai dan liabiliti cukai berkaitan dengan hak cukai yang sama. Amaun di penyata kedudukan kewangan selepas offset yang berpatutan adalah seperti berikut:

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Pada awal tahun	60,431,610	139,218,582	46,802,703	46,820,582
Kredit ke penyata pendapatan (Nota 24)				
- hartanah, loji dan peralatan	8,241,675	(13,653,534)	6,285,652	(17,879)
- peruntukan hutang ragu	-	(2,430)	-	-
- peruntukan rosotnilai pelaburan	-	13,786,992	-	-
- perubahan pegangan pelaburan ke atas anak syarikat	-	(78,918,000)	-	-
Pada akhir tahun	68,673,285	60,431,610	53,088,355	46,802,703
Liabiliti cukai tertunda (sebelum dan selepas pengofsetan)	68,673,285	60,431,610	53,088,355	46,802,703

Nota-Nota Kepada Penyata Kewangan

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19 PEMIUTANG PERNIAGAAN DAN LAIN

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Pemiutang perniagaan	64,853,905	61,426,154	2,418,417	3,256,129
Pemiutang lain	92,651,157	123,760,288	94,202,777	116,007,360
Liabiliti terakru	11,208,815	9,705,462	1,052,056	-
Deposit	10,411,173	2,285,736	2,902,835	-
Bayaran kemajuan	4,313,748	1,198,712	-	-
Jumlah terhutang kepada pengarah	121,626	174,156	-	-
Jumlah terhutang kepada anak-anak syarikat	-	-	-	2,796,854
Jumlah terhutang kepada syarikat berkaitan	1,499,308	6,755,560	-	-
Pada 31 Disember	185,059,732	205,306,068	100,576,085	122,060,343

20 HASIL

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Jualan buah kelapa sawit	17,832,746	18,799,906	-	-
Jualan minyak sawit mentah, isi rong dan lain-lain	360,087,053	526,887,341	170,835,528	260,244,800
Jualan ternakan	155,562	200,454	-	-
Jualan hasil tenusu	553,258	966,315	-	-
Jualan baja organik, kelapa dan buah-buahan	3,003,539	1,357,524	299,615	443,886
Jualan padi	1,213,321	1,541,805	-	-
Jualan ternakan udang	29,809,728	44,671,651	-	-
Jualan perisian komputer	84,547	157,874	-	-
Hasil perhotelan	8,915,924	8,522,259	-	-
Hasil pembangunan hartanah	15,707,033	16,395,427	-	-
Yuran khidmat pengurusan dan perundingan	396,812	-	127,200	127,200
Pendapatan dividen	6,052,845	2,205,957	-	-
Keuntungan dari pengurusan ladang	3,054,447	3,796,575	-	-
Sewa	560,694	678,827	-	-
Lain-lain	9,479	-	-	-
Berakhir 31 Disember	447,436,988	626,181,915	171,262,343	260,815,886

Nota-Nota Kepada Penyata Kewangan

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21 KEUNTUNGAN DARIPADA OPERASI

(a) Perkara-perkara berikut telah didebitkan/(dikreditkan) untuk mendapat keuntungan daripada operasi:

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Hartanah, loji dan peralatan				
- susutnilai	17,568,182	17,509,881	6,671,848	7,436,531
- hapuskira	1,662	28,883	1,555	28,158
- pelarasan	-	3,383	-	3,383
- keuntungan atas pelupusan	(344,296)	(532,432)	(661,169)	-
Pelunasan aset biologi	18,574,480	18,506,190	15,311,596	14,999,439
Hapuskira aset biologi	203,383	229,750	-	-
Ganjaran juruaudit				
- tahun semasa	287,234	451,736	162,564	336,436
- terkurang peruntukan tahun lepas	2,500	-	-	-
Perbelanjaan sewa	385,232	470,733	268,470	154,496
Peruntukan rosotnilai pelaburan lain	-	5,056,881	-	5,533,850
Pulih semula kerugian penjejasan pelaburan syarikat bersekutu		(19,358,131)	-	-
Kerugian penjejasan atas pelaburan anak-anak syarikat	-	-	2,129,826	514,258
Kerugian penjejasan atas penghutang perniagaan	123,156	-	-	-
Keuntungan nilai saksama dalam pelaburan syarikat bersekutu	(91,872,951)	-	-	-
(Keuntungan)/Kerugian nilai saksama dalam pelaburan lain	(374,773)	-	17,896,938	-
Peruntukan hutang ragu	-	2,430	-	2,430
Hapuskira hutang lapuk	-	122,156	-	-
Hapuskira pelaburan lain	-	1,529,500	-	-
Perbelanjaan manfaat pekerja (Nota 21(b))	72,962,785	39,437,413	38,845,572	6,327,033
Pendapatan faedah	(29,088,936)	(23,914,698)	(19,760,837)	(15,927,672)
Dividen kasar diterima	(9,224,447)	(1,520,151)	(31,881,987)	(37,014,709)
keuntungan dari jualan pelaburan lain	(18,376)	(6,406,252)	-	-
keuntungan dari jualan pelaburan syarikat bersekutu	-	-	-	(9,091,181)
Pendapatan sewaan dan pajakan	(3,945,202)	(3,468,703)	(4,863,004)	(4,827,095)
Pemberian Kerajaan	-	(1,266,306)	-	(1,266,306)

(b) Perbelanjaan manfaat pekerja:

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Gaji, bonus dan elaun	39,797,766	29,747,396	6,519,339	5,973,773
Caruman EPF	533,054	106,755	87,496	106,755
Caruman pencen	669,612	630,504	669,612	630,504
Pelbagai manfaat pekerja	6,836,639	8,952,758	6,443,411	5,268,974
	47,837,071	39,437,413	13,719,858	11,980,006

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

22 GANJARAN PARA PENGARAH

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Ganjaran para pengarah				
- yuran dan honorarium tahun semasa	5,480,000	5,245,392	3,575,000	3,425,000
- emolumen	556,893	1,184,640	361,000	384,000
	6,036,893	6,430,032	3,936,000	3,809,000

23 KOS KEWANGAN

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Faedah pinjaman bank	752,629	1,387,285	-	-
Faedah liabiliti sewa beli	5,323	1,049	-	-
Faedah bank overdraf	57,342	58,147	-	-
Lain-lain	201,049	16,363	192,228	620,205
Berakhir 31 Disember	1,016,343	1,462,844	192,228	620,205

24 CUKAI

	Kumpulan		Perbadanan	
	2018 RM	2017 RM	2018 RM	2017 RM
Cukai pendapatan:				
- tahun semasa	23,543,349	35,329,615	17,500,000	16,500,000
- berkurang/(terlebih) peruntukan tahun terdahulu	2,470,982	(3,465,566)	2,274,816	(2,917,663)
	26,014,331	31,864,049	19,774,816	13,582,337
Cukai tertunda (Nota 18):				
- tahun semasa	(176,823)	(2,142)	(2,068,550)	(151,049)
- berkurang peruntukan tahun terdahulu	8,418,498	133,169	8,354,202	133,169
	8,241,675	131,027	6,285,652	(17,880)
Berakhir 31 Disember	34,256,006	31,995,076	26,060,468	13,564,457

Kadar cukai pendapatan dikira pada kadar cukai Malaysia 24% (2017 : 24%) ke atas keuntungan teranggar boleh taksir bagi tahun semasa.

Nota-Nota Kepada Penyata Kewangan

bagi tahun berakhir 31 Disember 2018 (sambungan)

25 PENDEDAHAN BERKAITAN URUSNIAGA KETARA ANTARA PIHAK BERKAITAN

(a) Urusniaga ketara dengan pihak berkaitan

	Kumpulan	
	2018 RM	2017 RM
Sewa pajak kepada PKPP	984,601	1,358,392
Yuran pengurusan ladang kepada PKPP	(29,350)	(171,347)
Pembelian barangan dan perkhidmatan daripada PKPP	(2,668,028)	(913,638)
Yuran pengurusan daripada PKPP	(127,200)	(127,200)
Pembahagian keuntungan Al-Mudharabah dengan PKPP	(10,367,712)	(35,439,810)
Pendapatan dari pengiktirafan awal jumlah terutang kepada PKPP	-	(1,289,633)

(b) Kakitangan pengurusan penting

Kakitangan pengurusan penting terdiri daripada Para Pengarah dan pengurusan kanan Kumpulan dan Perbadanan yang mempunyai kuasa dan tanggungjawab untuk merancang, mengarah dan mengawal kegiatan Kumpulan dan Perbadanan sama ada secara langsung atau tidak langsung.

Jumlah ganjaran yang diterima atau boleh diterima oleh Para Pengarah Kumpulan dan Perbadanan dalam tahun dinyatakan dalam Nota 22 kepada penyata kewangan.

Butiran ganjaran yang diterima atau boleh diterima oleh pengurusan kanan Kumpulan dan Perbadanan dalam tahun adalah seperti berikut:

	Kumpulan dan Perbadanan	
	2018 RM	2017 RM
Gaji, elaun dan bonus	969,883	938,067
Caruman pencen	-	-
	969,883	938,067

26 ANGKA-ANGKA PERBANDINGAN

Angka-angka perbandingan telah dikelaskan semula untuk disesuaikan dengan pembentangan penyata kewangan bagi tahun semasa.

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Appendix 2
Cash flow Forecast & Projection from FYE 2020 to FYE 2030 and the Assumptions

PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG
UNJURAN ALIRAN TUNAI BAGI TAHUN BERAKHIR 2020 – 2030

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
1. ALIRAN MASUK											
1.1. Operasi perladangan	157,319,409	150,136,979	140,384,870	145,580,572	167,242,668	156,773,489	134,333,065	143,729,412	143,394,185	173,889,324	183,006,301
1.2. Sewaan dan pajakan	2,362,041	2,362,041	2,400,441	2,400,441	2,400,441	2,400,441	2,400,441	2,400,441	2,400,441	2,400,441	2,400,441
1.3. Faedah dan dividen	24,079,858	24,259,780	24,445,100	24,635,980	24,832,585	25,035,089	25,243,669	25,458,505	25,679,787	25,907,707	26,142,464
1.4. Bayaran balik hutang peserta	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	-	-	-
1.5. Khidmat kesetiausahaan	43,200	43,200	43,200	43,200	43,200	43,200	43,200	43,200	43,200	43,200	43,200
1.6. Pulangbalik pendahuluan	3,153,000	3,665,000	4,177,000	2,829,000	2,755,000	2,755,000	1,255,000	1,255,000	1,255,000	1,255,000	1,255,000
1.7. Penerimaan daripada terbitan Sukuk	650,000,000	-	-	-	-	-	-	-	-	-	-
1.8. Pelbagai Pendapatan	215,373,588	90,005,000	180,005,000	180,005,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	1,052,332,796	270,473,700	351,457,311	355,495,892	197,280,594	187,013,919	163,282,074	172,893,258	172,777,612	203,500,672	212,852,407
TOLAK											
2. PERBELANJAAN OPERASI											
2.1. Emolumen	7,818,388	7,896,572	7,975,538	8,055,293	8,135,846	8,217,204	8,299,376	8,382,370	8,466,194	8,550,856	8,636,364
2.2. Belanja mengurus	41,299,581	41,712,577	42,129,703	42,551,000	42,976,510	43,406,275	43,840,337	44,278,741	44,721,528	45,168,744	45,620,431
2.3. Penebusan Sukuk - Pokok	-	-	-	50,000,000	50,000,000	75,000,000	75,000,000	100,000,000	100,000,000	100,000,000	100,000,000
2.4. Penebusan Sukuk - Faedah	12,444,125	24,888,250	24,888,250	23,999,500	22,203,750	19,908,875	17,106,500	13,770,500	9,900,833	5,977,833	2,001,500
2.5. Perbelanjaan "Issuance" Sukuk	1,870,700	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000
	63,432,794	74,700,399	75,196,490	124,808,793	123,519,106	146,735,354	144,449,214	166,634,611	163,291,555	159,900,432	156,461,295
ALIRAN BERSIH DARIPADA OPERASI	988,900,002	195,773,301	276,260,821	230,687,100	73,761,489	40,278,565	18,832,861	6,258,647	9,486,057	43,600,239	56,391,111

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
3. PERBELANJAAN MODAL											
3.1. Kos pembangunan ladang	30,997,925	33,921,755	42,970,150	58,846,140	68,267,190	65,510,735	63,612,465	53,996,480	40,698,215	29,877,420	19,507,870
3.2. Perolehan harta	2,082,000	1,150,000	1,132,000	650,000	650,000	750,000	650,000	650,000	250,000	250,000	250,000
3.3. Dividen Peserta	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000	8,265,000
3.4. Pemberian Khas Kerajaan Negeri	10,000,000	10,500,000	11,025,000	11,576,250	12,155,063	12,762,816	13,400,956	14,071,004	14,774,554	15,513,282	16,288,946
3.5. Tanah Makmur Berhad	782,709,136	-	-	-	-	-	-	-	-	-	-
3.6. Cukai dan Zakat	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
	844,054,061	63,836,755	73,392,150	89,337,390	99,337,253	97,288,551	95,928,421	86,982,484	73,987,769	63,905,702	54,311,816
ALIRAN BERSIH SEMASA	144,845,941	131,936,546	202,868,671	141,349,710	(25,575,764)	(57,009,985)	(77,095,561)	(80,723,837)	(64,501,712)	(20,305,463)	2,079,295
BAKI AWAL DI BANK	22,309,760	167,155,701	299,092,247	501,960,918	643,310,628	617,734,864	560,724,879	483,629,318	402,905,481	338,403,769	318,098,306
BAKI AKHIR DI BANK	167,155,701	299,092,247	501,960,918	643,310,628	617,734,864	560,724,879	483,629,318	402,905,481	338,403,769	318,098,306	320,177,601
BAKI AWAL SIMPANAN TETAP DI BANK	203,922,288	205,910,937	212,088,265	218,450,913	225,004,440	231,754,573	238,707,210	245,868,426	253,244,479	260,841,813	268,667,067
PENCAIRAN SIMPANAN TETAP	(4,008,757)	-	-	-	-	-	-	-	-	-	-
ROLLOVER SIMPANAN TETAP	5,997,406	6,177,328	6,362,648	6,553,527	6,750,133	6,952,637	7,161,216	7,376,053	7,597,334	7,825,254	8,060,012
BAKI AKHIR SIMPANAN TETAP DI BANK	205,910,937	212,088,265	218,450,913	225,004,440	231,754,573	238,707,210	245,868,426	253,244,479	260,841,813	268,667,067	276,727,079
JUMLAH ALIRAN BERSIH	373,066,638	511,180,512	720,411,831	868,315,068	849,489,437	799,432,089	729,497,744	656,149,959	599,245,581	586,765,373	596,904,680

Nota: Terdapat nombor jangka bulat ("rounded up") pada Unjuran Aliran Tunai di atas yang di sebabkan oleh perbundaran kepada Ringgit Malaysia terhampir.

PERBADANAN KEMAJUAN PERTANIAN NEGERI PAHANG
ASAS ANDAIAN KEPADA UNJURAN ALIRAN TUNAI BAGI TAHUN BERAHIR 2020 - 2030

1.0 ALIRAN MASUK

1.1 OPERASI PERLADANGAN

Aliran masuk dari operasi perladangan adalah berdasarkan pendapatan dari operasi perladangan dan mengambilkira perbelanjaan ladang.

Pendapatan dari operasi perladangan adalah berdasarkan harga jangkaan kelapa sawit dan penghasilan buan tandan baru.

Harga jangkaan kelapa sawit

Harga jangkaan minyak sawit mentah ("**MSM**") sebanyak RM2,400/mt dan isirong RM1,400/mt berdasarkan harga semasa, untuk 3 tahun akan datang bermula dari tahun 2020 dan dijangka mencatat kenaikan sebanyak 5% dan penurunan sebanyak 5% untuk setiap 3 tahun sehingga tahun 2030.

Harga (RM/mt)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
MSM	2,400	2,400	2,400	2,520	2,520	2,520	2,394	2,394	2,394	2,514	2,514
Isirong	1,400	1,400	1,400	1,470	1,470	1,470	1,397	1,397	1,397	1,467	1,467

Keluasan ladang

Keluasan bertanam berdasarkan keluasan sebenar tahun semasa dan program tanam semula.

Penghasilan Ladang

Penghasilan buah tandan baru ("**BTB**") bagi tahun 2020 adalah sebanyak 683,297mt berdasarkan bajet yang disediakan diperingkat ladang dan kadar perahan minyak sawit adalah sehingga maximum 19% dan isirong 5%. Penghasilan BTB bagi tahun 2021 sehingga tahun 2030 adalah berdasarkan Bajet Penghasilan yang disediakan oleh agen pengurusan ladang.

Mt	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BTB	683,297	677,170	648,836	626,159	636,148	636,148	615,418	666,953	684,693	735,577	753,688
Minyak Sawit	128,695	126,309	120,853	114,055	116,341	116,341	114,503	122,854	125,664	135,226	138,910
Isirong	33,536	32,951	31,294	29,689	30,470	30,470	29,624	31,948	32,922	35,693	36,577

Perbelanjaan Ladang

Perbelanjaan ladang adalah berdasarkan peruntukan yang disediakan di peringkat ladang yang telah disahkan oleh agen pengurusan ladang. Perbelanjaan ladang termasuk perbelanjaan am ladang, kos penyelenggaraan ladang, kos penghasilan, kos pengangkutan dan cukai dan duti.

1.2 SEWAAN DAN PAJAKAN

Terimaan sewaan dan pajakan merujuk kepada perjanjian yang telah ditandatangani untuk sewaan bangunan dan pajakan ladang mengikut tempoh yang ditetapkan.

1.3 FAEDAH DAN DIVIDEN

Dividen yang diterima daripada anak-anak syarikat, syarikat bersekutu dan lain-lain pelaburan pada kadar 2% - 10% setahun berdasarkan bajet tahun 2020 (tetap untuk semua tahun). Faedah daripada simpanan tetap di bank pada kadar 3% berdasarkan jumlah simpanan tetap bagi setiap tahun.

1.4 BAYARAN BALIK HUTANG PESERTA

Pembayaran balik hutang peserta bagi Rancangan Penempatan Semula Banjir dan Rancangan Tanah Pemuda berdasarkan jadual pembayaran balik yang perlu dibayar oleh peserta.

1.5 KHIDMAT KESETIAUSAHAAN

Terimaan bagi khidmat setiausaha kepada anak-anak syarikat berdasarkan perjanjian yang ditandatangani.

1.6 PULANGBALIK PENDAHULUAN

Pembayaran balik pinjaman kepada anak-anak syarikat dan kakitangan berdasarkan jadual pembayaran balik atau penjadualan semula pinjaman yang akan dibuat.

1.7 PENERIMAAN DARIPADA TERBITAN SUKUK

Penerbitan Sukuk Wakalah sebanyak RM650 juta bagi membiayai pembelian ladang dari Tanah Makmur Berhad.

1.8 PELBAGAI PENDAPATAN

Pelbagai pendapatan terdiri daripada terimaan yang akan diterima berdasarkan perjanjian, minit mesyuarat, kertas cadangan dan Bajet PKPP. Ini termasuk pajakan ladang kepada anak syarikat PKPP, penerimaan dari syarikat bersekutu untuk pembayaran dividen, penebusan '*redeemable convertible preference shares*' dan penjualan saham.

2.0 ALIRAN KELUAR

2.1 GAJI DAN EMOLUMEN

Kadar gaji dan emolumen berdasarkan kadar sebenar semasa dan mengikut pekeliling Jabatan Perkhidmatan Awam (JPA) dan jangkaan peningkatan 1% setiap tahun.

2.2 BELANJA MENGURUS

Belanja mengurus terdiri daripada perbelanjaan pentadbiran am, yuran-turan professional dan perbelanjaan operasi, berdasarkan bajet bagi tahun 2020 dan jangkaan peningkatan 1% setiap tahun.

2.3 PNEBUSAN SUKUK WAKALAH - POKOK

Cadangan jadual penebusan Sukuk Wakalah berdasarkan unjuran aliran tunai PKPP bagi tahun berakhir 2020 hingga 2030.

2.4 PEMBAYARAN KEUNTUNGAN SUKUK WAKALAH

Pembayaran keuntungan Sukuk Wakalah berdasarkan rating AA3 bagi tempoh 3 hingga 10 tahun dengan anggaran kadar keuntungan sebanyak 3.56% - 4% setahun. Kadar faedah keuntungan sebenar Sukuk Wakalah akan ditetapkan semasa proses terbitan Sukuk Wakalah.

2.5 PERBELANJAAN PENERBITAN SUKUK

Yuran professional yang dikenakan oleh pihak yang terlibat dengan penerbitan Sukuk Wakalah berdasarkan surat perlantikan dan perbelanjaan yuran professional sepanjang tempoh Sukuk Wakalah program.

3.0 PERBELANJAAN MODAL

3.1 KOS PEMBANGUNAN LADANG

Kos pembangunan ladang adalah berdasarkan perbelanjaan yang disediakan diperingkat ladang yang telah disahkan oleh agen pengurusan ladang.

3.2 PEROLEHAN HARTA

Perolehan harta berdasarkan keperluan PKPP seperti yang telah dianggarkan dalam bajet.

3.3 DIVIDEN PESERTA

Pembayaran dividen kepada peserta berdasarkan jumlah sebenar yang dibayar.

3.4 PEMBERIAN KHAS KERAJAAN NEGERI

Pemberian khas kepada Kerajaan Negeri dibuat berdasarkan bajet bagi tahun 2020 dan anggaran peningkatan sebanyak 5% bagi setiap tahun.

3.5 PEMBAYARAN KEPADA TANAH MAKMUR BERHAD

Pembayaran baki harga belian bagi pembelian ladang dari Tanah Makmur Berhad.

3.6 CUKAI DAN ZAKAT

Berdasarkan pengiraan anggaran cukai dan zakat tahunan yang dibuat.

4.0 BAKI DI BANK

Baki tunai di bank mengambilkira baki akhir bagi tahun 2019 sebanyak RM22.3 juta (seperti pada Penyata Kewangan 2019 yang belum di audit) dan aliran bersih bagi setiap tahun semasa.

5.0 BAKI SIMPANAN TETAP

Baki simpanan tetap di bank mengambil kira baki akhir bagi tahun 2019 sebanyak RM203.9 juta (seperti pada Penyata Kewangan 2019 yang belum di audit) dan peningkatan simpanan tetap bagi setiap tahun semasa.

Appendix 3
Details of the Estates

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
1	Ladang Paloh Hinai							
1	HS(D) 233 PT365, Mukim Lepar, Pekan, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic Bank Berhad ("CIMB Islamic"), Presentation No.:504/2017, registered on 26 January 2017	732.8800	38,109,695.70	
2	HS(D) 234 PT366, Mukim Lepar, Pekan, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	927.3400	48,222,687.84	
3	HS(D) 235 PT367, Mukim Lepar, Pekan, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	396.5800	20,621,616.46	
Total						2,056.8000	106,954,000.00	3,204,928.00
2	Ladang Kampong Bongsu							
1	HS(D) 1453 PT823, Mukim Semantan, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	323.7400	16,187,173.23	

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
2	HS(D) 1454 PT824, Mukim Semantan, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	607.0200	30,351,254.53	
3	HS(D) 1455 PT825, Mukim Semantan, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	171.9900	8,599,460.43	
4	HS(D) 1456 PT826, Mukim Semantan, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	251.3000	12,565,111.81	
Total						1,354.0500	67,703,000.00	2,467,446.00
3	Ladang Charok Puting							
1	HS(D) 1448 PT192, Mukim Lebak, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	68.7900	3,439,978.74	
2	HS(D) 1449 PT193, Mukim Lebak, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	250.9000	12,543,781.88	

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
	3 HS(D) 1450 PT1043, Mukim Perak, Temerloh, Pahang	PKPP (Leased to KSB)	99	13.2.2074	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	92.0900	4,604,512.93	
	4 HS(D) 4076 PT833, Mukim Bera, Bera, Pahang	PKPP (Leased to KSB)	Freehold	-	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	1,376.7900	68,840,857.75	
	5 HS(D) 4077 PT3122, Mukim Triang, Bera, Pahang	PKPP (Leased to KSB)	Freehold	-	Charge over lease to CIMB Islamic, Presentation No.:504/2017, registered on 26 January 2017	44.5100	2,225,868.70	
	Total					1,833.0800	91,655,000.00	3,433,717.00
4	Ladang Sungai Sering							
	1 HS(D) 4947 PT3024, Mukim Bera, Bera, Pahang	PKPP (Leased to KSB)	66	17.10.2054	Charge over lease to CIMB Islamic, Presentation No.:1082/2017, registered on 23 February 2017	638.7900	38,910,974.58	
	2 HS(D) 2343 PT6475, Mukim Bera, Bera, Pahang	KSB	99	08.12.2096	Charge over lease to CIMB Islamic, Presentation No.:1079/2017, registered on 23 February 2017	213.9600	13,032,941.91	

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
	3 HS(D) 2344 PT6476, Mukim Bera, Bera, Pahang	KSB	99	08.12.2096	Charge over lease to CIMB Islamic, Presentation No.:1079/2017, registered on 23 February 2017	61.2300	3,729,511.10	
	4 HS(D) 2345 PT6477, Mukim Bera, Bera, Pahang	KSB	99	08.12.2096	Charge over lease to CIMB Islamic, Presentation No.:1079/2017, registered on 23 February 2017	1.6400	99,841.91	
	5 PN 28049, Lot 32573 Mukim Perak, Temerloh, Pahang	KSB	99	10.10.2093	Charge over lease to CIMB Islamic, Presentation No.: 953/2017, registered on 17 February 2017	10.3300	628,614.01	
	6 HS(D) 21 PT3350, Mukim Bera, Bera, Pahang	KSB	99	17.8.2091	Charge over lease to CIMB Islamic, Presentation No.:1079/2017, registered on 23 February 2017	192.5700	11,730,116.49	
	Total					1,118.5200	68,132,000.00	1,658,185.00
5	Ladang Sg. Selama Lanar							
	1 PN 9916 Lot 2726, Mukim Kuala Lipis, Lipis, Pahang	KSB	99	08.12.2090	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	417.5000	25,000,548.74	

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
	2 PN 9917 Lot 2727, Mukim Kuala Lipis, Pahang	KSB	99	08.12.2090	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	429.1000	25,695,331.47	
	3 HSD 1938 PT 3994, Mukim Cheka, Lipis, Pahang	KSB	66	07.06.2065	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	80.9400	4,846,759.60	
	4 PN 14632 Lot 4889, Mukim Cheka, Lipis, Pahang	PKPP (Leased to TMB)	99	06.06.2095	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1083/2017, registered on 23 February 2017	444.8000	26,635,360.19	
	Total					1,372.3400	82,178,000.00	2,913,613.00
6	Ladang Sri Jelutung							
	1 HSD 3633 PT 4901, Mukim Bebar, Pekan, Pahang	KSB	99	03.02.2102	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	1,214.0000	78,320,000.00	
	Total					1,214.0000	78,320,000.00	2,875,883.00

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance endorsement / Other	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
7	Ladang Sri Telang							
	1 PN 28047 Lot 20323 Mukim Telang, Lipis, Pahang	TMB	99	15.02.2110	Charge to Bank Islam Malaysia Berhad, Presentation No.: 11224/2012, registered on: 8 November 2012.	2,713.0000	162,040,927.32	
	2 PN 28048 Lot 20322 , Mukim Telang, Lipis, Pahang	TMB	99	15.02.2110	Charge to Bank Islam Malaysia Berhad, Presentation No.: 11224/2012, registered on: 8 November 2012.	341.5000	20,397,072.68	
	Total					3,054.5000	182,438,000.00	12,382,522.00
8	Ladang Aur Gading							
	1 PN 19070 Lot 41174, Mukim Luit, Maran, Pahang	KSB	99	15.09.2092	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	453.6000	35,865,000.00	
	2 GM 810 Lot 4585, Mukim Luit, Maran, Pahang	KSB	Freehold	-	Charge over lease to CIMB Islamic Bank Berhad, Presentaion No.: 1071/2017, registered on 27 December 2016	0.3448	185,000.00	
	Total					453.9448	36,050,000.00	1,573,032.00

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance / Other endorsement	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
9	Ladang Alur Seri							
	1 PN26410 Lot 23837, Mukim Ulu Lepar, Kuantan, Pahang	Alur Seri	99	06.06.2110	Charge over lease to CIMB Islamic, Presentation No.: 949/2017, registered on 17 February 2017	2,171.0000	121,397,000.00	
	Total					2,171.0000	121,397,000.00	13,353,166.00
10	Ladang Ulu Lepar 1							
	1 HSD 44435 PT 4333, Mukim Ulu Lepar, Kuantan, Pahang	TMB	99	24.10.2112	Charge to CIMB Islamic, Presentation No.: 951/2017, Registered on 17 February 2017	1,069.6700	59,965,000.00	
	Total					1,069.6700	59,965,000.00	1,322,008.00
11	Ladang Empang Jaleh							
	1 HSD 1353 PT 3214, Mukim Penjom, Lipis, Pahang	KSB	99	10.11.2091	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.:1079/2017, registered on 23 February 2017	329.9000	21,808,794.69	
	2 HSD 277 PT 1700, Mukim Batu Yon, Lipis, Pahang	KSB	99	06.08.2085	Charge over lease to CIMB Islamic Bank Berhad, Presentation No.: 953/2017, registered on 17 February 2017	178.0610	11,771,205.31	
	Total					507.9610	33,580,000.00	1,194,090.00

No.	Estates / Title Particulars	Registered Owner	Lease period (years)	Lease expiry date	Encumbrance endorsement / Other	Area (hectare)	Acquisition price (for lands) (RM)	Acquisition price (for property, plant and equipment) (RM)
12	Ladang Kampung Pasir							
	1 PN 28018 Lot 21982, Mukim Bebar, Pekan, Pahang	TMB	99	07.12.2113	NIL	89.4800	2,170,884.15	
	Ladang Kampung Kabu							
	2 PN 28022 Lot 21844, Mukim Bebar, Pekan, Pahang	TMB	99	09.06.2114	NIL	187.3000	4,544,115.85	
	Total					276.7800	6,715,000.00	18,410.00
	TOTAL					16,482.6458	935,087,000.00	46,397,000.00
	RENTAL PAYMENT UNDER LTA1 & LTA2						8,869,163.66	
	GRAND TOTAL						990,353,163.66	

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