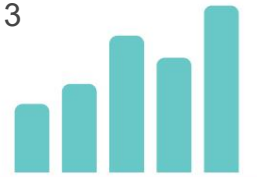




Annexure 3



KEY FOCUS:

Perseverance

MSM MALAYSIA HOLDINGS BERHAD

10th Annual General Meeting Pre-AGM Questions & Responses

Thursday, 17 June 2021

Pre-AGM Questions & Responses

1. MSM Johor Plant

Shareholder Name	Question
LAU NGIE VEI	Since Johor plant is closed for 2 months on boiler repairs work, and only resumed operation from 4th June. Are we still hopeful in achieving the 1H21 target of 130K tonne of export sales volume? What are the actual sales export volume as of end May 2021?
Response	
The Group's assessment indicates that as a result of MSM Johor plant temporary closure, MSM will not be able to meet the export refined sugar sales target for 1H21 of 120k MT. Actual export refined sugar sales volume until end of May 2021 is 90k MT.	

Pre-AGM Questions & Responses

2. MSM Prai Plant

Shareholder Name	Questions
LAU NGIE VEI	<p>Are we returning to "RED" with the recent Prai closure as the impacts look serious, and we got to leverage on the import allowance which indirectly translates to high cost? Not to mention, the 2 months closure on Johor Plant earlier on boiler rectification works.</p> <p>How will the current Prai Plant closure affect the Sales in June? In what %? Will there be any liquidated damages or late delivery feels? If so, how much provision are we expecting to incur?</p>
Response	
<p>The Group's latest forecast indicates that MSM is expected to break even in Q2 2021 as mitigation plans are carried out to minimise the impact on margin from temporary closure of MSM Prai. In addition, the Group is mitigating any impact on lower production by MSM Prai by importing refined sugar especially for Industry customers albeit with lesser margin. MSM continues to engage with its customers for rescheduling of deliveries and expects no adverse impact or onerous contracts in view of the long term relationship with its customers.</p>	

Pre-AGM Questions & Responses

3. Sales Export

Shareholder Name	Question
LAU NGIE VEI	Wholesale volumes reducing over the quarters and years, any action plan to improve the sales volume?
Response	
A similar question has been addressed in the response to MSWG.	

Pre-AGM Questions & Responses

4. Dividend Issue

Shareholder Name	Questions
LAU NGIE VEI	Are we expecting any dividend payout after Q2 results? If not, are we expecting any dividend for the year? Based on past years record, interim dividend was mainly paid in the month of Dec, and final in May...
VOON KHIAN JIN	Can we expect any dividends this year 2021?
Response	
<p>The Group maintains its dividend payout ratio policy of 50%, but any distribution will be a Board decision based on our earnings generation and subject to the Group's full year results for FY2021. Nevertheless, the intention for FY2021 is to work towards the improvement of company's financial performance to deliver greater value to our shareholders.</p>	

Pre-AGM Questions & Responses

5. Moving Forward

Shareholder Name	Question
VOON KHIAN JIN	Given the recent M&A activities in Bursa, do you intend to privatise MSM in foreseeable
Response	
There are no changes in MSM's business operations or listing status in relation to FELDA's takeover of FGV Holdings Berhad (FGV). Any potential privatisation by FELDA is related to FGV only.	

Shareholder Name	Question
SEE KIAN SENG	What is your business outlook for next 3 years 2021 to 2023.
Response	
A similar question has been addressed in the response to GCEO's presentation.	

Pre-AGM Questions & Responses

6. Board Remuneration

Shareholder Name	Question
Permodalan Nasional Berhad (PNB)	<p>PNB is encouraged that the recent performance of MSM has significantly improved attributable to better cost management and the holistic turnaround plan formulated by the Board and management. Nonetheless, we are concerned with the proposed revision in Board Committee's fees. Based on the independent review by KPMG, an overall marginal increase in remuneration of Non-Executive Directors is warranted whilst the allowance for security services/ driver should be abolished.</p> <p>While we take note of the Board's position to reconstitute the abolished security services/ driver allowance in the form of an increase to the Board Committee's fees, it seems that adopting this approach would translate to a substantial increase to the fees. In addition, the proposed Board Committee's fees appears to be significantly higher than the fees at our Strategic Companies of approximately similar size to MSM.</p> <p>Could you please elaborate the rationale behind the proposed increase? Could you also clarify why the proposed percentage increase for Nomination & Remuneration and Investment & Tender Committees are higher than Audit, Governance & Risk Committee?</p> <p>Given that MSM is still in the early stage of its recovery, we are of the view that the revision to Directors' fees should be more moderate.</p>

Pre-AGM Questions & Responses

6. Board Remuneration (Cont’)

Response
<p>The Board of Directors of MSM appointed Messrs. KPMG Management & Risk Consulting Sdn Bhd (“KPMG MRC”) to undertake a review of the remuneration package of the Non-Executive Directors to be in line with the market as the existing remuneration package was last reviewed in August 2016.</p> <p>KPMG MRC did some benchmarking with comparators companies which has similar principal business activity, market capitalisation and ownership structures and proposed the total average remuneration package per director be increased by not more than 4% to be in line with the market.</p> <p>To be in line with the market, KPMG MRC also proposed the driver and security allowance benefits-in-kind of RM30,000 each which were originally enjoyed by the directors be scrapped.</p> <p>Further to the review done by KPMG MRC, the Board of MSM upon due consideration and cognisance of FGV as the holding company has made an informed decision to mirror the remuneration framework of FGV as the holding company vis a vis the responsibilities held by Directors.</p> <p>Hence, the proposed redistribution of driver and security allowance as well as 2% increase in overall remuneration is primarily effected via the Board Committee fee.</p> <p>In line with the best corporate governance practices, the Board has in place policies and procedures to determine the remuneration of its Directors, which takes into account various factors including the complexities and performance of the Company.</p>

Pre-AGM Questions & Responses

7. Board Composition

Shareholder Name	Question
Permodalan Nasional Berhad (PNB)	<p>Since the domestic refining capacity is significantly higher than the demand, we understand that increasing the export volume would be critical to ensure optimal plant utilisation.</p> <p>Given the growing importance of the export business to MSM's profitability and growth, is the Board well equipped with the necessary skillset and expertise to drive the expansion of this segment? Such expertise would include marketing, logistics and international relations.</p>
Response	
<p>The Board comprises of high calibre members from diverse professional backgrounds, skills sets and experience and knowledge in the areas of strategy & risk, corporate leadership, business administration, accounting & finance and legal to ensure effectiveness and good corporate governance of the Group. Their experience in corporate leadership including experience working with multi-national companies that came with broader commercial exposure has strengthen the overall Board and Board Committees' effectiveness in achieving the Group's strategic direction. This is proven by the recent performance of MSM that has significantly improved attributable to better cost management and the holistic turnaround plan. This is also supported by the outcome of the Board Effectiveness Assessment 2019/2020 carried out by an independent facilitator which concluded amongst others the following :</p> <ol style="list-style-type: none"> There are promising signs of improved Board dynamics, quality of the discourse, oversight and direction following the Board refreshment exercise in May 2020. There is a general consensus that the better mix of skills and capabilities have enhanced the Board effectiveness and would ultimately lead to improved MSM's performance with a capable, experienced and well-respected Chair helming the Board. The leadership of the Board Committees have been strengthened and the recently appointed Independent Directors have exhibited a capacity for objectivity and impartiality which augurs well for MSM. They also bring with them with a high level of integrity and professionalism on their subject matter domain and knowledge. <p>To grow and drive the expansion of the export business, the Board has vetted, guided and approved management plans to look for strategic partners with offtake guarantees who has presence and access to the regional markets with strong distribution channels.</p>	

THANK YOU

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