

MSM 10th AGM: Responses to Live AGM Questions Received

1. MSM Johor Plant

Shareholder Name	Question
ALVIN HOO POH SANG	What is % utilize for Johor plant? The Management can forecast EPS for MSM in 2021?
CHONG CHING YEE	dear directors, what is the plant utilisation rate of msmjohor now after last 2 months plant upgrade? can msm improve the brand new rm1b msm johor plant utilisation rate to above 75% Q3 and Q4 FYY21?
CHIN LUEN SHENG	Any post-mortem analysis has been conducted for the sudden breakdown of boiler in MSMJ? Would like to know why the existing preventive maintenance is unable to avoid such severe shutdown, Thank you.
TEH BEE GAIK	Assuming there is huge demand, can Johor plant achieve a UF of 85% in 2nd half 2021?
TEH BEE GAIK	Since FY2018, the company has been talking about new capacity in Johor plant of 1 million tonnes but it seems that the company could not even achieve 30% up to FY2020. What is the real reasons?
Response	
<p>MSM Johor had averaged around 23% in utilisation factor (“UF”) for the First Quarter of FY2021. Due to the temporary shutdown of the plant in April and May, MSM Johor will achieve lower UF.</p> <p>MSM Johor is expected to reach average 50% UF in the 2H FY2021 with the completion of the boiler rectification and optimization of the process. Nevertheless, we target to achieve a higher average of 65% UF in 2022 and will work towards over 80% UF thereafter. The export volumes will also be an important element in ensuring the UF and we are confident of meeting this objective with our growth in export forecast besides Johor serving the domestic market of the southern region.</p> <p>MSM had engaged a third-party Authorised Inspector (“AI”) to ensure that relevant standards are complied with and quality requirements are met for the repair works. The relevant authorities had also authorised and approved the repair works. The inspection of the boilers will be conducted on 5-month intervals to ensure the boilers are always in good condition.</p> <p>MSM had also secured an extended warranty from the Boiler Manufacturer. In the long term, MSM plans to acquire a third boiler in order to provide redundancy in the steam supply. This will enable proper maintenance programs be conducted without affecting the availability of steam supply for production requirement.</p>	

2. Subsidy by Government

Shareholder Name	Question
LIW THAI LONG	does government provide subsidy if ceiling price is reached?
Response	
<p>In Malaysia, sugar is a controlled-price item with a government-fixed ceiling price for domestic market. Today, the retail ceiling price is RM2.85/kg, which is among the lowest sugar retail ceiling price in the world. MSM was established in Malaysia to ensure constant supply of sugar in the country, and has been keeping the government informed on the global sugar market movement. With any significant increase of sugar and forex costs unfavourably for production, we will inform the government to look into the matter if a revision in ceiling price or subsidy is</p>	

required. The government gazetted wholesale selling price is RM2.69/kg. In 2020, we started to consolidate our domestic selling price higher to recover from the lower but still with significant headroom against the government gazetted price.

Nevertheless, we have increased average selling price this year towards the Gazetted Selling Price for Wholesale to realize greater margin.

3. Market Share/Export

Shareholder Name	Question
CHOO WAI HUNG	What is the market share of MSM in Malaysia? Is it increasing or decreasing? What is the trend of sugar export to China? what is the target for the next 2 years? What is the trend of sugar consumption in Malaysia for the next 3 years?
Response	
<p>MSM's current domestic market share in Malaysia is about 60%. However, for 2021, MSM is working towards enhancing its domestic market share to a minimum of 65% with more sales and distribution customer reach points (CRP) and brand marketing reinforcement via stepped up marketing communications and merchandising activities. MSM is the 2nd most leading brand after Maggi in the FMCG Food Category from a KANTAR report, a leading global data insights company based in UK with 30,000 staff in 100 countries. MSM has a penetration rate of 4.2 million of the 5.9 million total households in Malaysia from the KANTAR report.</p> <p>The main markets for Export are Vietnam which represents 55% of volume exported and China a fast-growing market for MSM. We target export refined sugar volume to be around 240,000 MT for FY2021. Export will grow between 30 to 50% of MSM total production volume.</p>	

4. MSM Prai

Shareholder Name	Question
SOO HOO ZHEYANG	Hi, is MSM Prai going to do maintenance this year? when? and how long the period & its impact?
Response	
<p>MSM Prai Maintenance shutdown is planned for end July 2021 for a period of 4 days for overhaul maintenance and statutory inspection by governing bodies. The financial impact for this shutdown has been included in the consideration of FY2021. MSM is also allowed to import sugar as make up with any shortfall and are doing so presently.</p> <p>MSM's production is expected to remain intact at 1.3 million MT for FY2021. The temporary halt in production at MSM Johor and MSM Prai should not affect the target for this year. We have also experienced from two previous MCOs that volume is seen stable during this prevailing MCO 3.0.</p>	

5. Export Trading

Shareholder Name	Question
ENCIK AHMAD ADIB BIN MUKHTAR OR ENCIK MOHD HAFIZUDDIN BIN YA'AKOP	One of the initiatives under your 3 year business plan is to explore export trading desk in identified countries. Could you please clarify if the function/ model of this desk is similar to the Dubai office which is currently under liquidation? If we take the decision to close-down Dubai office as a signal that the model does not fit MSM's overall strategy, could you please elaborate the rationale to revisit this idea?
Response	
MSM is exploring a Singapore trading desk as the country is in close proximity with our operations with lower operating cost, better tax incentiveB and favourable conditions for a global commodity trading company (i.e. closer to a regional financial and trading hub).	
The main objective of the SG trading desk is to maximize MSM refined sugar export for Singapore domestic market of 250,000 tpy which MSM is only doing a fraction of about 10,000 tpy. MSM trading desk will also market into countries in the region such as Vietnam and China with combined imports of over 2 million tpy. Over the years, the SG trading desk could well expand the portfolio to third party raw/refined sugar trading with demand.	

6. Door Gift – E-vouchers

Shareholder Name	Question
VENUGOPAL A/L RUKUMANGATHARAJAH	please provide door gift or e voucher thanks in advance ..
LAU KUEE CHIN	Pls provide e voucher as our cost
JOHNNY LEE YUEN KUN	Datuk Chairman, please consider giving e-vouchers to those attending this AGM. Thanking you in advance
HOH MEW YOK	Vouchers pls
GOH KOK OON	Any e voucher for attendees of AGM? Thanks
CHAN AH MOI	Please give e-vouchers.
LEE SUAN BEE	With regards to the Rm 30 e- voucher on Shoppe platform, kindly provide free delivery for shareholders and proxies.
CHAN LAI YIN	Hope the board of directors will give us faithful shareholders shopping vouchers thanks
AU YANG LEONG KIAT	is the e-voucher only allow to purchase the items below ? i. Gula Prai Coarse Grain; ii. Gula Prai Brown Sugar; iii. Garam Gunung Saji; iv. Krimer Cair Sejat Saji; v. Krimer Berperisa Bandung Saji; and vi. Krimer Berperisa Jagung Saji
YAP MING CHING	Mr chairman pls include cooking oil as 1 of the door gift item. Thank you
Response	
All shareholders/proxies/corporate representatives who logged in during the AGM on 17 June 2021 will receive an E-voucher worth RM30 as a door gift that can be used to redeem selected products of FGV Group on Shopee platform under Kedai FGV. The selection of products is limited to the following:	

- i. Gula Prai Coarse Grain;
- ii. Gula Prai Brown Sugar;
- iii. Garam Gunung Saji;
- iv. Krimer Cair Sejat Saji;
- v. Krimer Berperisa Bandung Saji; and
- vi. Krimer Berperisa Jagung Saji

Both Gula Prai and Saji are top 5 FMCG Food popular and quality brands from a KANTAR report as mentioned in item 3 above. The delivery is free for shareholders. The instruction will be emailed to shareholders/proxies/corporate representatives.

7. Annual Report 2020

Shareholder Name	Question
TEH KIM CHOO	Can u pls send me a copy of annual report to my correspondence address
Response	
We note that and we will arrange for the delivery of the Annual Report hardcopy to you.	

8. Impairment

Shareholder Name	Question
SEE KIAN SENG	WOW IMPAIRMENT 229 M COLLECTED IN 30 APRIL WILL THIS REFLECTED IN 2Q RESULT ..HOW MUCH WILL BE REPORTED AS PROFIT
Response	
The receivables collected will reduce the overall receivables outstanding, and improve the Group's cashflow. This should also reduce the risk of impairment losses.	

9. Irregularities

Shareholder Name	Question
VOON KHIAN JIN	Any measures in place to prevent irregularities like last year inventory shortages from happening again?
Response	
MSM had implemented KPI that focuses on ensuring reduced variances in both raw material and Refined sugar product inventory at the group level. MSM had also setup task force teams in all locations to identify the issues with inventory variances. with that, plant improvement projects had been implemented in all our locations to address gaps in the controls of inventory. MSM had identified industry standard on variances and ensure there will be minimal variances and ensure it to be within industry standards.	

10. Dividend Issue

Shareholder Name	Question
TEO CHER MING	In a recent Star bizweek interview, the CEO mentioned that MSM is poised to be back as a dividend paying stock. hopefully this will bring good news to shareholders soon, as we have not been receiving dividend for a few years already
Response	
The Group maintains its dividend payout ratio policy of 50%, but any distribution will be 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 better value to our shareholders.	

11. Moving Forward

Shareholder Name	Question
VOON KHIAN JIN	Given the recent M&A activities in Malaysia, do you foresee the listing status of MSM maintained in foreseeable future?
LAU NGIE VEI	Is the company/ management considering any M&A activity? Shall good offer prevail, will company/ management consider selling off?
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.	

12. Materials Presentation

Shareholder Name	Question
NAJWA BINTI ISMADI	Hye can I please have all the Q&A slides once the AGM have finished?
NAJWA BINTI ISMADI	Hye. can i have all Q&A slides after AGM because my internet connection is abit disrupted during the AGM. Thank you
Response	
We have published all the relevant materials in the website.	

13. Miscellaneous

Shareholder Name	Question
LIM CHZENG JOHN	Thanks
LIM CHZENG SIR	Thanks
REEVANASH A/L PORAVI	Hope for our Company to come back strongly soon. Best
REEMARACHNA A/P PORAVI	Good morning..hope strategies are in place to make MSM to bounce back soon. Tough economic conditions.
CHONG KUM FATT	Since DG mentioned I no need to ask this question.
MONO KARI A/P SOKKALINGAM	Best wishes to our Directors and staff in facing the tough economic challenges.

NG YING SENG	All vote YES or "FOR" please. This is good company that take care well of shareholders. Giving e-voucher for hard living time, MCO like now. Also giving people convenient by open vote session asap. Very nice directors, tyvm
TAN LEE POH	Can log out now ?
LAU NGIE VEI	Thank you Chairman and Management. Looking forward to a tremendous 2nd half of 2021, and many impressive years ahead!
JOACHIM ARULRAJ ANTHONYSAMY	Can we have a better DG?
LAI WAI KAY	thanks for the reply
Response	
We note that you don't have questions for us, thank you for joining this virtual AGM. Rest assured the new management and Board are working closely to ensure the turnaround of MSM for 2021 occurs as per the 3-year Blueprint and more with strong profits backed by our 50% dividend policy. We thank all shareholders for the continued valued support.	