

## MSM 11<sup>th</sup> AGM: Responses to Live AGM Questions Received

### 1. MSM Johor & Strategy

Shareholder Name	Question
ZAFFARY BIN AB RASHID	1. Why was there a shutdown in 1QFY22 at the Johor plant? Was it a planned or unplanned shutdown? 2. Any updates on the strategic partnership for exports?
<b>Response</b>	
1. The shutdown in 1Q FY2022 is a planned shutdown based on our scheduled maintenance program. 2. At this point, we have over 20 major and other customers in the export segment which includes major FMCG such as Coca-Cola, Pepsi, Mondelez and Global Trade Houses. MSM shall continue to explore strategic partnerships to further strengthen our export segment.	

Shareholder Name	Question
EDWIN TEOH JIT SIONG	(1) Are there maintenance activities for the Johor and Prai factories in this quarter and any foresee/plan maintenance activities moving forward? (2) What is the current utilization rates for Johor and Prai plant?
<b>Response</b>	
1. MSM Johor conducted a scheduled maintenance shutdown in January 2022 while MSM Prai conducted a scheduled maintenance shutdown in May 2022. There is one more planned shutdown for MSM Johor in August/September 2022. 2. The current UF for Q1 2022 is 72% for MSM Prai and 12% for MSM Johor.	

Shareholder Name	Question
GOH YOKE CHOO	And do government approve sugar price rise for this few months Goh yoke choo
<b>Response</b>	
MSM as a joint industry with CSR has had a series of engagements with the Government on increasing the ceiling price for the Wholesale segment in view of the rising input costs impacting the sugar industry.	

Shareholder Name	Question
VOON KHIAN JIN	<p>Initially we have high hopes in the new management to turnaround the company, but turns out this promise is rather short lived. To recap, the company had reported 8 quarters of consecutive losses during FY18-20. I sincerely hope this is not a case of "old wine in new bottles".</p> <p>My questions to the management are as follow:</p> <p>1) The company has missed its export volume target last year and Johor plant utilisation rate is still low. Besides passively waiting for the government price revision, what are some other proactive measures taken to improve the company's financials for next few quarters? (i.e cost cuttings, hedging etc)</p> <p>2) Previously you mentioned MSM is poising to become a dividend counter. Does this statement still hold under current circumstances?</p>
<b>Response</b>	
<p>1. MSM has faced an unprecedented inflationary environment where input cost has seen a major rise in prices. MSM is actively following up with the Government on the price increase request, Management is taking measures such as cost savings initiatives across our operations, re-assessing capex requirements and other expenses for cash flow conservation and prudent hedging on our major cost elements i.e. Raw Sugar, Freight and Forex. Our focus is also on the ramp up plan of MSM Johor which will reduce the average unit cost.</p> <p>2. With the mitigation measures, the intention for FY2022 remains towards improving the company's financial and operational performance to deliver better values to our shareholders. Management is trying our best to keep the operations performing at its best lowering the cost per unit.</p>	

Shareholder Name	Question
ALVIN HOO POH SANG	Can i know how was the collaboration between msm & wilmar sugar, after the sign of ESG agreement. any further update for this ?
<b>Response</b>	
<p>The sustainable sugar programme between MSM and Wilmar called No Deforestation, No People Exploitation (NDPE) demonstrates the commitment by MSM and Wilmar Sugar to protect the environment, labour and communities while promoting progress in operational efficiencies and best practices.</p> <p>MSM and Wilmar Sugar will embark on joint efforts beginning in FY2022 to assist and support each other to pilot an approach to enable sustainable raw sugar sourcing within MSM and Wilmar Sugar's joint supply chain by focusing on traceability</p>	

reporting of sugar supplies and monitoring of sustainability performance based on the NDPE Sugar Policy.

Shareholder Name	Question
TEH BEE GAIK	At the last AGM, the Board was expecting Johor plant utilisation to increase to 50% after boiler rectification works. Up to Q1 2022, the results seems that it has not achieved such utilisation rate. What is the current utilisation rate and when is Johor plant ready for its designed capacity of 1 million tonnes?
<b>Response</b>	
<p>For Q1 22, MSM Johor had conducted a planned maintenance shutdown in Jan 2022 that affected the overall performance for the first quarter. Boiler 1 improvement works are expected to be completed by end of 2022. We should achieve 50% by 2023 upon completion of the works and both boilers being available.</p> <p>MSM Johor is expected to produce at MSM Prai levels (70-80%) in 2 to 3 years' time subject to market requirement and other factors.</p>	

## 2. Cost of Raw Sugar – Forex and Raw Sugar Procurement/Treasury

Shareholder Name	Question
EDWIN TEOH JIT SIONG	India, the world's largest raw sugar producer, restricts exports, what is the actual impact on MSM? May I know the import volume of India raw sugar in FY2021 and FY2022 Q1?
<b>Response</b>	
<p>1. For FY2021, MSM imported 90,000MT and for Q1 FY2022, MSM imported 220,000MT of Indian raw sugar.</p> <p>We are getting 80% of our raw sugar supply from Brazil and the other 20% from other countries such as Thailand, South Africa, Guatemala and India. We do not foresee any major impact on the latest development by India government as we have many other alternatives on raw sugar supply.</p>	

Shareholder Name	Question
LIEW CHEE MENG	How does MSM tackle issues resulting from the covid pandemic and the Russia-Ukraine war outbreak as world supplies of commodities like sugar cane/wheat/corn/palm oil and e.t.c. are upset ?
<b>Response</b>	
<p>For FY2022, based on the expected annual requirement, MSM has hedged for Wholesale at 92% (16.00 – 17.00 US c/lbs) current NY#11 price is around 19.00 US c/lbs. MSM views these cost pressures to continue in FY2022 due to global demand and food security concerns more so with prolonged Russia-Ukraine conflict in Europe. MSM also sourced out raw sugar from multiple origins, mainly Brazil and other exporting countries such as India, Thailand, South Africa and Guatemala.</p>	

Shareholder Name	Question
YEE CHIN CHIN	With current high commodity prices as a result of post pandemic, your raw materials are also impacted by such rise, how you manage to deliver profit in the coming quarters since sugar is a gov controlled item too.
<b>Response</b>	
<p>Based on the expected annual requirement for FY2022, MSM has hedged for Wholesale at 92% (16.00 – 17.00 US c/lbs). MSM views these cost pressures to continue in FY2022 due to global demand and food security concerns more so with prolonged Russia-Ukraine conflict in Europe.</p> <p>MSM also as a joint industry with CSR has had a series of engagements with the Government on increasing the ceiling price for the Wholesale segment in view of the rising input costs impacting the sugar industry.</p>	

Shareholder Name	Question
TEH BEE GAIK	Recently India bans exporting of raw sugar. How will this affect MSM's raw sugar supply?
<b>Response</b>	
<p>We are getting approximately 80% of our raw sugar supply from Brazil and the other 20% from other countries such as Thai, South Africa, Guatemala and India. We don't foresee any major impact on the latest development by India government as we have many other alternatives on raw sugar supply.</p>	

Shareholder Name	Question
MOHD RIDZUAN BIN OTHMAN	Sawit dikatakan mampu menghasilkan gula... Adakah menggugat MSM
<b>Response</b>	
<p>Penghasilan gula dari sawit adalah masih di dalam peringkat penyelidikan dan kami tidak menjangkakan ianya akan menggugat pengeluaran gula MSM.</p>	

### 3. Financial Statements

Shareholder Name	Question
EDWIN TEOH JIT SIONG	<p>How is the flood insurance claim going?</p> <p>There is a provision of RM25.9m related to Net realizable value (NRV), onerous contract and flood in FY2021 Q4. When will we see a reversal?</p>
<b>Response</b>	
<p>1. Insurance claim was initiated in January 2022 for the remaining damaged sugar and the assessment and efforts to salvage part of the affected sugar (including cost of working) by insurance company is being finalised by appointed adjuster.</p> <p>2. NRV and onerous provision is made based on a number of key parameters such as Average Selling Price (ASP), stock holding and stock cost. Any improvement on these parameters may result in reversal of the write-down provision for inventories.</p> <p>The assessment of inventory write-down is made in line with MFRS 102 accounting standards and reviewed by our external auditors on quarterly basis.</p> <p>The company is also claiming insurance for stock affected by flash floods in December 2021. In Q1 2022, we reversed RM2.6m as this was found to be good saleable stock.</p>	

Shareholder Name	Question
TEO CHER MING	Impact of cukai makmur, weak ringgit and minimum wage any numbers to be shared
<b>Response</b>	
<p>Based on our assessment of Group's profitability in FY2022, we expect the weak Ringgit and high production costs will result in no Cukai Makmur to be paid this year. However, we continue to assess the situation on a regular basis.</p> <p>Weak ringgit is impacting Wholesaler segment. Forex spread is passed to the customer for Industry segment.</p>	

Based on assessment, minimum wage is RM330,000 per annum.

Shareholder Name	Question
THE BEE GAIK	Based on quarterly report, finance cost was Q1:RM9.8M, Q2: 9.6M, Q3:RM20.0M, Q4:RM7.5M. Why was Q3 finance cost of RM20m more than double compared to other quarters, when there was no corresponding increase in loan and borrowings?
<b>Response</b>	
<p>In Q3 21, we made an advanced repayment to term loan of RM114m. The repayment of loan will reduce overall long-term loan balance and subsequently reduce future actual interest payment for MSM group.</p> <p>This additional loan repayment resulted in a change in the fair value of the loan amount, which in turn resulted in a one-off loan modification cost being recorded in the quarter of RM9.75m.</p> <p>Excluding this loan modification cost, the finance cost for Q3 21 was approximately RM10m, which was in line with the preceding quarters.</p> <p>This repayment would actually save the Group a sum of RM30m in finance cost to be paid from FY2022 going forward, until the end of the tenure of the loan in May 2027.</p>	

#### 4. Sales/Export/Revenue & New Market Segmentation

Shareholder Name	Question
TEO CHER MING	Has China lockdown especially Shanghai impacted the co
<b>Response</b>	
<p>The company has not been impacted by the Shanghai lockdown. Shanghai is not the main destination of our products.</p>	

Shareholder Name	Question
KOW LIH SHI	How was company able increase profit but without prices RSP sugar increase?
<b>Response</b>	
<p>We aim to continue to increase the production level in MSM Johor to reduce the average cost per unit. This will enable us to improve our financials despite other input cost pressure. And the increase in the gazetted ceiling price will certainly help to cushion the cost impact.</p>	

Shareholder Name	Question
TEO CHER MING	The edge reported that MSM said current sugar price is not sustainable. Is discussion ongoing with the government.
<b>Response</b>	
MSM as a joint industry with CSR has had a series of engagements with the Government on increasing the ceiling price for the Wholesale segment in view of the rising input costs impacting the sugar industry.	

Shareholder Name	Question
GOH YOKE CHOO	Hello chairman, do any idea of improve our company profit, seen that company always loss for the past. Goh Yoke Choo
<b>Response</b>	
Thank you for investing in MSM. Currently, with macro inflationary pressures affecting sugar cost elements such as raw sugar, freight, gas energy and forex in a challenging business environment, the Management is doing their very best to sustain the turnaround and profitability. Strategic plans and mitigations have been established.	

## 5. Dividend & Shares

Shareholder Name	Question
ZAFFARY BIN AB RASHID	MSM have recorded profit for FY2021, will MSM declare for any special dividend?
<b>Response</b>	
The Board had declared dividends of 3.0 sen per share for FY2021 amounting to RM21.09 million and there is currently no plan on special dividend.	
Nevertheless, the intention for FY2022 is to work towards the improvement of the company's financial and operational performance to deliver better values to our shareholders.	

Shareholder Name	Question
GOH YOKE CHOO	Chairman, company sold the property and business in Perlis, any special dividen to the shareholder. Thank you goh yoke choo
<b>Response</b>	
<p>There is no special dividend from the proceeds of the Perlis disposal. Our focus remains to strengthen our balance sheet, mainly reducing long term borrowing.</p>	

Shareholder Name	Question
GOH YOKE CHOO	Seen the company share price is standing around 80ct, why don't company buy back and support the market price.
<b>Response</b>	
<p>MSM's shares to experience a downtrend since 2018 but saw a rise in 2021 to a peak of RM2.09. Share buyback is not encouraged as it is an artificial intervention that will require capital affecting cashflow and possibly solvency.</p> <p>The Group aims to continue to improve our operating cashflow, pare down long-term debts to reduce finance costs and free up more cash. Our priority remains to strengthen our balance sheet.</p>	

Shareholder Name	Question
CHEAH LEAN SEE	Dividend of 3.0 or more shd be given in 2022
<b>Response</b>	
<p>In FY2022, MSM is working towards the improvement of the company's financial and operational performances to deliver better values to our shareholders. Any dividend in FY2022, will be assessed based on the whole year's performance and guided by the Group's dividend policy.</p>	



## 6. Moving Forward

Shareholder Name	Question
MOHD KHALIL BIN MD DOM	My Pray is for well being and good health of Directors and staff of MSM so as to bring more success to MSM. Thank you for the assistance given to us in tackling our students affected by Banjir in Selangor recently. We would also appreciate it if MSM could conduct CSR Program at our sports School as 40% of our students belongs to B40 family. TQ
<b>Response</b>	
<p>Thank you for your kind words and it is our pleasure and responsibility to help the society. MSM provides a wide range of assistance to its staff and external communities with charity and education being core themes. We welcome any CSR proposal that related to these themes. Do write to us at <a href="mailto:corpcomms@msmsugar.com">corpcomms@msmsugar.com</a> and we will evaluate the proposal.</p>	

Shareholder Name	Question
LIM HOCK SING	<p>Our March results are a great concern as we could not even make a gross profit this time and ended the quarter with a bigger loss. This is the second consecutive quarter of losses where our performance has significantly deteriorated.</p> <p>Increasing our factory utilisation from the current 43% and exporting more where selling prices are not controlled and margins higher could reverse our results for the rest of the year.</p> <p>Could management share with us how it intends to deal with the situation? To continue making losses is not an option and it is not likely that material prices will drop in the foreseeable future.</p>
<b>Response</b>	
<p>We acknowledge the challenge from the global rise in input cost, i.e. raw sugar, natural gas and freight cost. MSM as a joint industry with CSR has had a series of engagements with the Government on increasing the ceiling price for the Wholesale segment in view of the rising input costs impacting the sugar industry.</p>	

Shareholder Name	Question
CHONG LEE HOON	What is the rationale behind increasing USD borrowings especially after paring down existing debts with disposal proceeds?
<b>Response</b>	
<p>The USD Facility is a multi-currency trade facility to fund the Group's working capital requirements i.e. mainly for the purchase of raw sugar, denominated in USD. This is part of the Group's plan to mitigate partial foreign currency exposure by having an end-to-end USD natural hedging arrangement. The short term USD trade borrowing will be matched by export sales proceed in USD.</p> <p>Paring down debt from disposal proceeds were made for the long term loan.</p>	

## 7. Group Secretarial

Shareholder Name	Question
CHONG KUM FATT	Dear Chairman, please allow us to vote when the meeting starts and not keep us waiting too long.
CHOW LEE JING	hi, when can do voting?
<b>Response</b>	
<p>As outlined in the Administrative Guide, Shareholders can proceed to vote on the resolutions and submit their votes at any time from the commencement of the 11th AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session.</p>	

Shareholder Name	Question
LIM HOCK SING	<p>Every year we are asked to vote for the re-election of directors. Right now we vote based on whether we like the name or face because there is nothing else for shareholders to consider before we cast our votes. It will be good if there is a report card on the performance of each director to help us evaluate their performance and whether they deserve to be retained in office. Could the BOD consider this suggestion for future AGM.</p> <p>In fact Bursa should seriously consider this suggestion for all listed companies as a standard practice.</p>
<b>Response</b>	
<p>We would like the shareholders to refer to Explanatory Note 5, Items 5.2, 5.3 and 5.5 of the Notice of meeting.</p> <p>The NRC has conducted an assessment on each of the retiring Directors in line with Practice 5.1 of the MCCG 2021 as part of the Board Effectiveness Assessment 2021.</p>	

Apart from the quantitative analysis of the Director's performance, the NRC also considered the other elements, among others, the following:

- a. soft governance aspects of the Director, which includes individual contribution, communication with members, decision making and traits; and
- b. Special skills and knowledge an individual Director brings to the organisation.

Based on the Individual Director assessment results and the Directors' contribution to the Board, the NRC concluded that each of the retiring Directors has met the performance criteria required for an effective and high performance Board and has the ability to continuously discharging their duties diligently as Directors of the Company.

Based on the above, the Board approved that the Directors who retire by rotation in accordance with Clause 99 of the Company's Constitution namely, Dato' Muthanna Abdullah and Choy Khai Choon are eligible to stand for re-election. Both retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Board Committee meetings.

Shareholder Name	Question
CHONG KAU TENG @ CHONG SEN CHAI	Will MSM consider requesting Boardroom to allow shareholders to attend the virtual AGM without setting time frame just like TRICOR does. Boardroom is not shareholder friendly as it sets time frame to attend AGM. Boardroom should follow TRICOR example to allow shareholder to attend AGM even on the day and time when AGM commences.
<b>Response</b>	
We take note and will consider this suggestion for next year's AGM.	

Shareholder Name	Question
TAN CHUN HUEI	Datuk Chairman, any idea when MSM return to physical AGM, now that cross border is open.
KOW LIH SHI	Can company doing hybrid agm event after door open and technology base?
<b>Response</b>	
MSM conducts its general meeting virtually is more to apply best practice recommended under Practice 13.3 of the MCCG 2021 where Listed companies should leverage technology to facilitate–	
<ul style="list-style-type: none"> <li>• voting including voting in absentia; and</li> <li>• remote shareholders' participation at general meetings.</li> </ul>	

By having the general meetings virtually, more shareholders can participate exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the comfort of your own place.

In terms of costing, having virtual meetings are more cost effective. However, the Board will assess the current situation nearer and suitability to the next AGM date.

## 8. Door Gift (E-Voucher)

Shareholder Name	Question
LIEW CHEE MENG	Could the Management of our Company be kind enough to give away e-/meal vouchers to the event participants (particularly grateful to help minorityshareholders to make their respective two ends to meet after the prolonged pandemics lock-down & the new norms they have to adapt to )?
SIM SIEW EAN	Any free gift or vouchers ?
<b>Response</b>	
<p>All shareholders/proxies/corporate representatives who logged in during the AGM on 8 June 2022 will receive a door gift worth over RM50 including delivery. The items included in the door gift are as follows:</p> <ol style="list-style-type: none"> <li>1. Gula Prai CGS 1kg</li> <li>2. Gula Soft Brown 500g</li> <li>3. Minyak Masak Saji 1kg</li> <li>4. Garam Putih Saji 400gm</li> <li>5. Sajimee Goreng Asli</li> <li>6. Beras Wangi Ladang57 1kg</li> <li>7. KFC Food Voucher RM20</li> </ol>	

Shareholder Name	Question
GOH TENG CHING	Considering the doorgift voucher is for use to buy MSM's products only,I suggests that it shd be increased to Rm100/-,thks.
<b>Response</b>	
<p>As previously mentioned, the door gift consists of pre-determined products from FGV and MSM worth RM25.59. In addition, we included food voucher worth RM20 KFC voucher. Total door gift value is worth more than RM50 and the cost of shipping and handling has been taken care of by MSM worth RM15.40. In total, the overall cost is RM60.99.</p> <p>Beginning 10 until 13 June 2022, shareholders/proxies/corporate representatives will be receiving an email containing the e-voucher code and a link to redeem the door gift.</p>	

Shareholders will need to click on the link and it will be directed to a google form to complete the details for postage.

We note on your suggestion and will consider this for future.

Shareholder Name	Question
CHAN LAI YIN	Hope the board of directors will give us faithful shareholders e vouchers or shopping vouchers. Last year I didn't receive my door gift. Sida your contact PIC did not respond to my request. Please look into this
CHAN LAI YIN	Please contact me concerning my last year door gift
<b>Response</b>	
<p>Dear shareholder, we sincerely apologise on this matter and regret that you have experienced issues regarding last year's door gift.</p> <p>Please be informed that we have reached out to you via email on 23 June 2022 requesting your details address in order to rectify this. We will be delivering the following products which are worth RM30 directly to your address once we have received it:</p> <ol style="list-style-type: none"> <li>1. CGS 1kg</li> <li>2. Soft Brown 500g</li> <li>3. GoHalf</li> <li>4. Garam Gunung Saji</li> <li>5. Krimer Cair Sejat Saji</li> <li>6. Krimer Berperisa Bandung Saji</li> <li>7. Krimer Berperisa Jagung Saji</li> </ol> <p>The above items are the same products as last year's door gift.</p>	

## 9. Request for AGM Material

Shareholder Name	Question
TAN KIM KHUAT	pls send a printed copy to my registered address, tq
CHONG YEN FO	kindly send me a hardcopy of the AGM
HO WING SENG	I would like to request a hard copy of the annual report sent to me, thank you.
<b>Response</b>	
<p>As stated in the Administrative Guide, any request for printed copy of the Annual Integrated Report 2021 can be made via the Request Form available at <a href="http://www.msmsugar.com/investor-relations/annual-reports">http://www.msmsugar.com/investor-relations/annual-reports</a> and email it to Encik Anas Khalid at <a href="mailto:anas.khalid@boardroomlimited.com">anas.khalid@boardroomlimited.com</a>. You may also contact Boardroom Share Registrar at <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> or MSM's Investor Relations at <a href="mailto:investor.relations@msmsugar.com">investor.relations@msmsugar.com</a> with your details.</p>	

All presentation materials that will be presented during today's Annual General Meeting will be made available after the meeting and will also be uploaded to MSM's Corporate website at [www.msmsugar.com](http://www.msmsugar.com).

## 10. Miscellaneous

Shareholder Name	Question
LIEW CHEE MENG	How much does our Company spend to hold this virtual AGM plus remote participation & voting (RPV)?
<b>Response</b>	
The estimated cost to conduct this virtual AGM and RPV is about RM120,000.00 excluding door gift.	

Shareholder Name	Question
LIM MOOI NEE	The time of the directors is very precise. Please group same questions and only answer one. Thanks.
LIM MOOI NEE	I have voted. I didn't see confirmation message. Kindly check. Thanks
<b>Response</b>	
We take note on your suggestion. To all shareholders, we thank you for joining this virtual MSM 11th AGM and your valued support.	

Shareholder Name	Question
TAN CHENG CHEE	Good morning Tq for the door gift God bless
TAN ENG WAUN	Tq for the door gift.appreciate it very much Thank you
TAN ENG THENG	Good morning Tq for the door gift God bless
TAN SHOK HAR	Thank you very much for the door gift. Brighten up ou day
OON JOO LEE	Thanks!
LIM KIM YEW	Thanks!
LIM CHZENG JOHN	Tq
LIM CHZENG SIR	Tq
NG YING SENG	Ty directors, I just want to ty/appreciate your works. Your simple door gift help alot on our (this is m'sia historical crazy up inflation) living burdens.
NG SOOK LUAN	God bless you, directors! wish you guys long live. Appreciated your door gift, come in right time. much love! <3
SHUHYMEE BIN AHMAD	all the best to MSM, we will always support as long as we got dividend and door gift. that meant this company running successfully.

CHONG YEN FO	thank you for giving us dividend hopefully this will be a norm
JUSTIN A/L A.KUMARAN	Thanks for token doorgifts rewarded, keep it up and continue improving
LEE TUCK FEONG	Hi Good Morning. Thank you for the Door Gifts in this virtual AGM. Keep up this ESG, Gesture of Goodwill and the Gratitude to the shareholders.  Do not be hawkish as the Shareholders anticipate this yearly Door Gifts. SOAR HIGHER than your peers.
LEE GEOK HOON	Thanks for your doorgifts but hopefully next year we have physical AGM as in the past. Keep up the good work
WONG SOW LEN	Thank you for the good job and Door Gifts.
WONG OI CHUN @ WONG SOW CHENG	Thank you for the good job and the yearly Door Gifts. SOAR Higher than your peers. TQ
LEE TUCK KEONG	Hi Good Day.
LEE KWAI YOONG	Hello Hi
TAN CHUN KIAT	Datuk chairman, thank you for your generous door gift. I suggest tesso voucher instead of KFC voucher, with tesso voucher we can buy your products, thank you
<b>Response</b>	
We take note of your continued support and appreciation. To all shareholders, we thank you for joining this virtual MSM 11th AGM and your valued support.	