

MSM 12th AGM: Responses to Live AGM Questions Received

1. Raw Sugar & Commodities

Shareholder Name	Question
MOHD RIDZUAN BIN MOHD NOOR	Raw sugar price increase by more than 100% since CY2000. 1. What % of supply is imported? 2. Will the country be able to sustain sugar subsidy? 3. Any plans to grow sugarcane locally to ensure supply?
Response	
<p>1. For FY2022, MSM imported 100% of our raw sugar comprised 52% from Brazil, 22% from India and the rest from Thailand and South Africa.</p> <p>2. Sugar is not a subsidised product in Malaysia since 2013.</p> <p>3. MSM has proposed to the government to explore on large scale sugarcane plantation as part of the national food security blueprint and in doing so could provide job opportunities to farmers and small contract farmers in the rural region. It is prudent to have 30% - 50% of our domestic demand produced locally. The sugarcane plantation will also help the country reduce dependencies on import and sugar refiners reduce their key component cost (raw sugar) significantly during sugar crisis.</p>	

Shareholder Name	Question
LIM PIN YEONG	1. Whether the raw sugar price is up or down, the company does not make a profit. Is this a management incompetency? 2. What is your commodity hedging police to minimise losses?
Response	
<p>MSM, via its Trading Committee (TC), a combination of C-suites and top management, closely monitors, oversees and implements hedging mechanism to overcome the bullish market of raw sugar.</p> <p>In FY2023, MSM has successfully hedged 90% of raw sugar requirement at the price of USD19c/lbs to USD20c/lbs which is below the current spot market price of raw sugar of USD24.5c/lbs. MSM raw sugar hedging position is better off by approximately RM340 million if compared to the spot raw sugar futures prices.</p>	

2. Sales & Export

Shareholder Name	Question
KOW LIH SHI	How was comments always short of green pack prai sugar in Malaysia?
Response	
<p>The Gula Peket Hijau (green pack) Gula Prai is the number one selling sugar in Malaysia. Nonetheless, the recent news reported on the unavailability of the sugar in certain retail outlets are mainly isolated cases and had been contributed to some distribution challenges faced by the distribution channels.</p> <p>Our production and supplies have remained consistent and we have pledged to the Government to supply up to 24,000 mt per month of the retail sugar.</p>	

Shareholder Name	Question
LIM HOCK SING	Where are we now on our export footprint and will we meet our target of between 12% - 15% in the near future? If we achieve this what will it mean in terms of our bottom line?
Response	
<p>To date, the export volume is around 25% of total production per month versus 23% in year 2022. With new target of MSM Johor utilisation factor (UF) in second half of 2023, we aim to achieve between 28% - 33% of export sales in the near future. MSM has been exporting to more than 10 countries in the Asian region and has capacity headroom to further grow export volume.</p> <p>As for financial impact - Export will provide contribution towards higher UF, and in turn reduce refining and production cost per unit hence improving overall margin. Furthermore, export has achieved better selling prices recently, following Export Premium revision and higher NY11.</p>	

Shareholder Name	Question
NG HOON HO	With Government allow refined sugar to be produced and not under the price-controlled mechanism, what's the expected sales coming from this area?
Response	
<p>At the moment, there are 2 types of retail sugar pricing. One is the government controlled Gula Standard and the other is the uncontrolled float price Gula Super. Since its introduction, the response for the Gula Super has been very encouraging.</p> <p>To date, we have also received repeat order for the premium sugar and at the moment, we have already signed over 10,000mt of supply contracts for the Gula Super. We foresee the demand for the Gula Super to grow as the market demands for a better, higher quality sugar at reasonable prices.</p>	

3. MSM Johor & Strategy

Shareholder Name	Question
LIM HOCK SING	Now that our second boiler change out work has been completed at our Johor factory and plans are in place for a third boiler what will be the utilisation rate for this factory and will we break even this year?
Response	
<p>The target monthly utilisation factor (UF) that we aim to achieve for MSM Johor by the end of 2023 is 50% aligned with market demand. The average full year UF for MSM Johor is expected to be close to 30%.</p> <p>The Group aims to improve the financial performance with all key initiatives embarked on. MSM Johor has no constraints to go even higher beyond UF 50% if needed with market demand including exports.</p>	

4. Financial Performance

Shareholder Name	Question
VOON KHIAN JIN	Any update on the insurance claim of the boiler?
Response	
<p>We are currently working closely with the loss adjuster to finalise the quantum of the claim, and we are happy with the status of the progress so far.</p> <p>Any insurance claim will take some time as it involves various parties and meticulous calculations and supporting documents. Any material information will be announced and treated accordingly in our accounts.</p>	

Shareholder Name	Question
TEOH CHEY YEAT	The Group suffering Gross Loss and increasing in gearing ratio, how the Group going to turn around the situations?
Response	
<p>If we exclude short term debt incurred to fund working capital, the Group's gearing is actually much lower at 14%. The Group shall continue to improve the average selling prices and optimize costs with key initiatives as previously mentioned to improve margin.</p>	

Shareholder Name	Question
TEOH KENSEN	Debt is not well covered by the operating cashflow. What's the plan of the Group to trim its high debt level?
Response	
<p>Year on year, the Group has been trimming its outstanding term loan. The higher debt level is attributed by higher short term borrowing to fund working capital requirement; which has a direct correlation to the higher input cost. As revenue improves, the Group has been using more of its internally generated funds to fund working capital - in order to trim the higher debt level.</p>	

Shareholder Name	Question
LIM HOCK SING	We have been bleeding red ink for the last 6 quarters and with the recent decision to let market forces determine the price of refined white sugar, how will decision improve our profitability for the rest of the year? Will we be able to make a profit this year?
Response	
<p>The recent announcement means MSM would be able to market our new SKU Gula Super at better margin. This would contribute considerably towards improving our profitability.</p> <p>However, certain input costs such as NY11 raw sugar prices are expected to remain elevated, hence we are doing our level best to manage these by effective hedging and cost optimisation.</p> <p>Nonetheless, the joint sugar industry is scheduled to reengage KPDN in Q3 2023 to address structural price changes for long term sugar industry sustainability which is amongst the key turnaround factors for the Group and we shall continue to engage the Government.</p>	

5. Gula Super and Outlook

Shareholder Name	Question
MOHAMAD FIRDAUS BIN ABDUL WAHID	How much expected profit for sales of sugar premium?
KOH KAR KIAT	Based on the recent announcement that the government allowed MSM to produce clear refined white sugar at market price, could the BOD elaborate what's the impact on Company financial performance in specific metrics i.e % increase in profit and etc, whichever is applicable.
ZAFFARY BIN AB RASHID	1. In terms of %, how much do you expect the new sugar would contribute to the Top line?

	<p>2. Can you share a bit the outlook for the Super sugar? And would this new Super Sugar able to mitigate or cushion the of margin GP & profit margin erosion?</p> <p>3. Are there any significant increase in cost related to this product? This super sugar anticipates to attract what kind of clients? Is it for mass market or solely for industry usage i.e. HORECA industry or F&B?</p>
Response	
<p>The expected profit from sugar premium will alleviate the current margin compression faced by the sugar industry and assist MSM to continue its business as a sugar producer in the country given the current high production cost environment.</p> <p>The new sugar will progressively impact the top line for MSM Group and will help to sustain its business as a sugar producer in the country given the current high production cost environment.</p> <p>The response for the Gula Super has been very encouraging. Since its inception 2 weeks ago, we have contracted over 10,000mt of supply orders for the Gula Super. It may cushion and mitigate some of the profit margin erosion. The Gula Standard price revision is also scheduled for review in Q3 2023. Only then the profit margin erosion can be fully mitigated.</p> <p>Cost increase for the new product is very marginal. Gula Super's target market is for those who demands high quality sugar for HORECA, F&B channels, baking, confectionary or anyone who seeks higher purity of sugar with enhanced sweetness.</p>	

6. AGM Related

Shareholder Name	Question
LIEW CHEE MING	How much does our Company spend to hold this virtual AGM plus remote participation & voting (RPV)?
Response	
<p>The cost to hold this virtual AGM plus remote participation and voting (RPV) is approximately RM150,000.</p>	

Shareholder Name	Question
LIEW CHEE MING	Could our Company conduct our next a.g.m / e.g.m. / other meetings physically?
Response	
<p>Thank you for the suggestion. We will look into this matter in future and will determine based on the appropriateness of the situation. The general meeting of MSM for this year is conducted virtually in light of the ongoing Covid-19 and to apply best practice</p>	

recommended under Practice 13.3 of MCGG 2021 where Listed companies should leverage technology to facilitate–

- i. voting including voting in absentia; and
- ii. remote shareholders' participation at general meetings.

Furthermore, virtual AGM is more cost effective compared to a physical AGM.

Shareholder Name	Question
CHONG KUM FATT	Mr Chairman - Kindly allow us to vote when the meeting starts and not keep us waiting long. TQ
STEPHEN LYE TUCK MENG	Pls let us vote at the start of the meeting so that I can vote all For. TQ
Response	
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 12th AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session.	

7. Dividend & Shares

Shareholder Name	Question
LIM PIN YEONG	When the company turnaround and declare dividends to shareholders?
KOW LIH SHI	Why dividend not increase sales is increase?
KOU CHAN KAI @ KOW CHEE FOO	Please give more dividend thank you.
GOH KOK HOOI	A better dividend shd be considered.thks
Response	
In FY2022, no dividend was declared. Nevertheless, the intention for FY2023 is to work towards the improvement of company's financial and operational performance to deliver greater value to our shareholders.	
Any dividend in FY2023, will be assessed based on the whole year's performance at the discretion of the Board and guided by the Group's dividend policy.	

8. Door Gift (E-Voucher)

Shareholder Name	Question
LAU SO KIAT	Dear Director, please increase the amount of Door Gift, times are hard, please be considerate, Thank you
VENUGOPAL A/L RUKUMANGATHARAJAH	Door gift?

GOH SOO HOON	A better doorgift would be much appreciated.tq.
LEE CHEW FOONG	<p>Dear Board of Directors,</p> <p>Thank you for giving a door gift to shareholders as we have worked hard, taken a lot of time, efforts, involvement and participation in this important AGM. However, the door gift value should exclude the expensive delivery charges of about RM20 so that this value saved can be given to the poor shareholders too. The shareholders are innocently bearing this high cost.</p> <p>We hope the Board of Directors could kindly give us Touch & Go reload vouchers which will avoid / save delivery charges.</p> <p>Thank you very much for your kindness and generosity.</p>
LIEW CHEE MING	Could the Management of our Company be kind enough to give away e-/meal vouchers to the event participants (particularly grateful to help minority shareholders to improve their life qualities during the current high inflation economy)?
Response	
<p>For MSM 12th AGM 2023, all shareholders/proxies/corporate representatives who logged in during the AGM on 8 June 2023 will receive a door gift worth over RM50 including delivery charges which will be borne by MSM. The items are as follows:</p> <ul style="list-style-type: none"> i. Gula Super Premium Grain Sugar PGS 1kg ii. Beras Wangi Ladang '57 1kg iii. Minyak Masak Saji 1kg iv. Garam Putih Saji 400ml v. Susu Pekat Saji vi. Santan Krim Saji 200ml vii. KFC Food Voucher RM20 	

9. Request for MSM AIR 2022

Shareholder Name	Question
LEE SUAN BEE	I would like to request for a hard copy of Annual Report. Thank you
TAN KIM KHUAT	Pls send me the printed report, thanks.
LEONG WAI LENG	Morning BOD please send a copy of annual report to me.Tq Annie goh
TAN CHUN KIAT	Today presentation by CEO, MSM export to 17 countries, and I wish to know whether we make profits on foreign exchange, as I do not have a copy of your Annual Report 2022, I would appreciate if you could send me a copy, thank you

AZNUR KAMA BINTI AZMIR	I would like to request physical copy of the AIR.
HO CHUN KIT	Please send me hardcopy annual report. Thanks
HO WING SENG	Can I have a hardcopy of the annual report to be sent to me?
Response	
We take note of your request and we have arranged for a physical copy of MSM's Annual Integrated Report 2022 to be delivered.	

10. Miscellaneous

Shareholder Name	Question
TAN SHOK HAR	Thank you for the door gift
TAN ENG THENG	Tq for dividend n door gift
LIM CHEE WIEH	Well done
MOHD RAJAEI NURUDDIN BIN MOHD RANI	Thanks MSM for the doorgift/e-vouchers. Keep going forward with the bright future for MSM.
MOHD KHALIL BIN MD DOM	Alhamdulillah, semoga chairman, directors and staff of MSM sentiasa sihat dan bahagia di samping keluarga, Insyaallah. May the coming years more good result from MSM and benefitted shareholders as well
MUHAMMAD ZAIM FARHAN BIN MOHD RIDZUAN	Thank you for insightful communication via messaging box! Pls reward the staff that make this decision n implementation.
RAPHAEL WONG KIM LEONG	To Board of Directors, thank you for the door gift, I continue to support the AGM virtual meeting as the cost/expenses is cheaper when compare to hold a physical meeting. For that reason, appreciate if Board of Directors will give more of door gift
HARIZA BINTI ISMAIL	Thank you for rewarding meeting attendees.
AHMAD NABIL BIN SAHIFUL BAHARI	Thank you very much for giving doorgift sorely need.
TAN SAIK KUEN	I am very happy with the doorgifts. Thank you very much. However, I hope there are enough stocks and no items will be substituted with other items. Thanks again!
CHAN NGUN FONG	Please stick to virtual AGM as it reduces our carbon footprint, saves time and is effective, but please do continue to give us good doorgifts. Thank you!
CHONG KUM FATT	Mr Chairman – Do not use Boardroom for RPV in future. It is not integrated and doesn't allow us to vote when the meeting starts. Need a separate app for RPV. Complaints made to Boardroom Senior Management are ignored. Use SSHSB or Tricor in future. TQ
CHEONG TEOW GOOK @ CHEONG CHOW YOKE	why no broadcast thank you

LEE YU KEONG	I had login n log off 3 times and tried 2 hand phones to access your broadcast but the connection was bad.
CHU NUI MOI @ CHOO HWA KIEW	not able to listen to agm
LEONG WEN CHEW	Can the company look into the voting system of Boardroom? I find the system flawed. Shareholders can change the vote throughout the course of the meeting, there is no finalization of the vote. This is dangerous because votes can be changed and may be abused by people with malice intention. I always vote when attending agm but I was told I did not vote for a particular agm. I thought I voted but in fact my vote was not in Boardroom system. There is no record of vote submission at Boardroom platform for shareholders to confirm successful voting. Can the company look into this matter further for us shareholders? Thank you very much.
Response	
We take note of your continued support, suggestions and appreciation. To all shareholders, we thank you for joining this virtual MSM 12th AGM and your valued support.	