

MSM Malaysia to consolidate, move Chuping operations to Pasir Gudang

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KUALA LUMPUR, May 27 — MSM Malaysia Holdings Bhd (MSMH) will be consolidating its refined sugar production by relocating its factory operations in MSM Perlis Sdn Bhd (MSMP) located in Chuping, Perlis, to MSM Sugar Refinery (Johor) Sdn Bhd (MSMJ) located in Tanjung Langsat, Pasir Gudang, Johor.

In a filing to Bursa Malaysia today, MSMH said the planned cessation of MSMP's production is on June 30, where the mobilisation of manpower and certain equipment from MSMP to MSMJ and MSM Prai Bhd will be conducted in stages.

The whole process is expected to complete by the fourth quarter of 2020. Both MSMP and MSMJ are wholly-owned subsidiaries of MSMH.

"The consolidation of the two factories will allow the company to optimise the capacity of its new refinery, MSMJ.

"Following this optimisation, the cost of refining raw sugar will improve significantly and thus, will generate higher margins, and ultimately have an overall positive financial impact on MSMH and its group of companies," it said.

The consolidation exercise had resulted in a provision of RM137.35 million for the impairment of MSMP's plant and machinery in the 2019 financial year.

However, by consolidating the company's refining capacity, the company would be able to reduce its unit production cost, which in turn would improve its profitability and provide better shareholders value.

However, the factory land in Chuping will be disposed of, it said.

"An announcement in relation to the disposal of the factory land shall be made according to the Main Market Listing Requirements, if required. However, any disposal of assets such as the land owned by MSMP may be subject to the approval or consent of the Perlis State Authority, Perlis State Land Board and any other relevant authorities," it said.

Meanwhile, for the first quarter ended March 31, 2020, MSMH has reported a bigger net loss of RM34.70 million compared with RM7.06 million in the same period last year.

Revenue however increased to RM510.84 million from RM485.43 million in the same quarter last year.

"MSMH will continue its focus on sustainable growth strategies which include product diversification to penetrate into export markets and increase margins. MSMH expects the business environment to remain challenging for the rest of 2020," the company said. — Bernama

AGENCY: Malay Mail

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