

MSM DIVEST ITS NON-CORE ASSET IN PLANTATION SECTOR

KUALA LUMPUR, OCTOBER 8, 2019 – MSM Malaysia Holdings Berhad (MSM), the country's leading producer of refined sugar, has signed a Sale and Purchase Agreement (SPA) with F&N Agrivalley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) for the disposal of 4,453.92 hectares of agriculture land in Chuping, Perlis, for RM156 million. Fraser & Neave Holdings Bhd (F&N), which wholly owns F&N Agrivalley, is one of the most established international food and beverage producers in the region.

The proceeds from the disposal will be utilised for repayment of bank borrowings and working capital purposes of the MSM and its subsidiaries (the Group). This disposal of the land, which is directly owned by MSM's wholly owned subsidiary MSM Perlis Sdn Bhd (MSM Perlis), is in line with the Group's plans to rationalise its assets and to focus on its core businesses. It will also strengthen the Group's balance sheet as debt will be reduced.

MSM Group Chief Executive Officer, Dato' Khairil Anuar Aziz said, "We are focused on creating and delivering value in our core areas of expertise. To achieve this, we will continue to dispose our non-core assets to unlock value and to ensure that management and financial resources are committed to our core business."

The land is currently used for the cultivation of rubber, oil palm and mangoes. F&N Agrivalley intends to utilise the land for dairy cattle farming and other related activities.

The disposal was effected via an open tender process which commenced in January 2019.

"The entire process was conducted in a transparent manner. We were clear from the outset that the disposal should bring benefit not just to MSM but also to the state of Perlis and the communities that live in the area, to balance commercial and social values," Khairil Anuar said.

Although the selling price is an 18% discount on the market value of the land, the Board of MSM believes that the disposal is in the best interest of the Group as the land generates negligible revenues but requires unsustainable financial commitments due to the high operating costs of maintaining the plantation activities.



Moving forward, MSM will focus on improving efficiency to lower refining cost, diversifying into value-added sugar products for exports, improving its financial position and accelerating strategic growth through possible commercial collaborations with reputable industry players to pave the way for global market presence.

MSM is a 51% subsidiary of FGV Holdings Berhad.

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About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM) is Malaysia's leading refined sugar producer and one of the biggest sugar refiner in Asia. MSM is involved in producing, marketing and selling refined sugar products under the Gula Prai brand. The company conducts its business principally through three operating subsidiaries, MSM Prai Berhad, MSM Perlis Sdn Bhd, and MSM Sugar Refinery (Johor) Sdn Bhd. In addition, MSM also operates a logistics company – MSM Logistics Sdn Bhd and a trading company – MSM Trading International DMCC, based in Dubai, United Arab Emirates.

At present, MSM's annual production capacity is up to 2.25 million tonnes of refined sugar. In 2018, MSM produced 964,739 tonnes of refined sugar, of which 109,613 tonnes are catered for the export market. Currently, MSM corroborates up to 59% of the domestic market share. MSM has been listed on the Main Market of Bursa Malaysia since 2011 and has a market capitalisation of RM 1.83 billion as at 31 December 2018. MSM combines economic success with environmental protection and social responsibility for a sustainable future.

MSM offers a variety of products ranging from white refined sugar of various grain sizes to soft brown sugar. These are marketed and sold in a variety of packaging options under its flagship brand - Gula Prai. MSM also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast, among other products. Aside from household consumers, MSM sells to a wide range of customers in Malaysia and in other countries directly and indirectly through traders, wholesalers and distributors. Its customers include major companies in the beverage and confectionery industries, hotels, restaurants and food outlets.

For more information, please visit www.msmsugar.com

Forward Looking Statements

Certain statements in this media release regarding MSM's operations may constitute forward-looking statements. These statements can be identified by key words such as "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "outlook" and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements relate to the plans, objectives, goals, strategies, future operations and performance of MSM. Actual results and outcomes may differ materially from those projected in any forward looking statements due to various events, risks, uncertainties and other factors. We neither intend to nor assume any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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