



MSM MALAYSIA HOLDINGS BERHAD

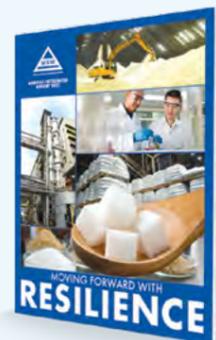
**ANNUAL INTEGRATED
REPORT 2022**



MOVING FORWARD WITH

RESILIENCE

INSIDE THE REPORT



MOVING FORWARD WITH RESILIENCE

COVER RATIONALE

MSM Malaysia Holdings Berhad remains resilient even in the toughest of times to move forward with its mission of achieving a sustainable, balanced and integrated economic, social and environmental performance. MSM seeks opportunities to create value through strategic business partnerships and asset optimisation for long-term sustainability. As the largest sugar producer in the country, MSM will continue to provide sweet sustenance to the community amid various challenges and ensure self-sugar sufficiency for the country. It will always stay prepared, agile and relevant to be ahead of its competition and remain the leader in the sugar industry.



Scan the QR code to access our corporate website.



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In Conversation with Our Group Chief Executive Officer pg. 22

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12th ANNUAL GENERAL MEETING

Broadcast Venue

Banquet Hall 3, Level B2 Menara FELDA, Platinum Park, No. 11, Persiaran KLCC 50088 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia

Online Meeting Platform

<https://meeting.boardroomlimited.my>
Provided by Boardroom Share Registrars Sdn Bhd

Time	Date
11.00 am	8 June 2023 (Thursday)



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Basis of This Report

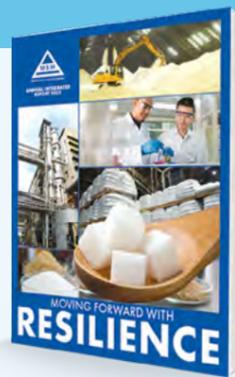
MSM Malaysia Holdings Berhad (MSM or the Group) is pleased to present its 12th Annual Integrated Report (AIR) for the year ending 31 December 2022. The purpose of this is to offer our stakeholders clear, pertinent and comprehensive information about our business strategy, performance and future prospects in the context of Environmental, Social and Governance (ESG). Our aim is to create stakeholder value over the short, medium and long-term through balanced and transparent disclosures.

REPORTING FRAMEWORKS

Annual Integrated Report ▶

Content

Read on our comprehensive overview of MSM Malaysia Holdings Berhad's achievements and accomplishments, Corporate Governance Statements, and how we provides value for all our stakeholders.



Sustainability Report ▶

Content

Presenting our very first standalone Sustainability Report and explore for more information about our disclosures to create positive impacts in the context of Environmental, Social and Governance.



MSM is guided by our vision of becoming a World Class and Cost-Efficient Organisation Driven by Sustainability with a Diversified Portfolio in Food-Related Business.

We are committed to our sustainable promise of **"Sweet Sustenance in a Responsible, Sustainable and Mindful Way"**. To achieve this goal, we are dedicated to enhancing shareholder value, optimising growth and achieving a sustainable, balanced and integrated ESG performance. We plan to accomplish this by transforming our business model and capitalising on opportunities throughout the global food value chain.

We remain dedicated to strengthening the sustainability of our business by reviewing our ESG elements holistically from time to time across our business and operations. These measures are crucial to our efforts to create value for our stakeholders and establishing a resilient and responsible business that is capable of adapting to changing market conditions.

Reporting Frameworks Applied

In line with best practices, our report adheres to or is guided by the following reporting frameworks and principles.

- Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Companies Act 2016
- Malaysian Code on Corporate Governance 2021 (MCCG 2021)
- International Integrated Reporting Council (IIRC) Framework
- Global Reporting Initiative (GRI) Standards for Sustainability Reporting

Reporting Scope and Boundary

This Report provides an overview of our financial and non-financial performance from 1 January 2022 to 31 December 2022. We include all significant developments relating to MSM up until the approval of the annual financial statements. Our reporting covers the performance of the MSM Group, including our operating subsidiaries, namely MSM Prai Berhad, MSM Logistics Sdn Bhd and MSM Sugar Refinery (Johor) Sdn Bhd.

MSM Group has ensured that this report conforms to the current IIRC framework. This framework uses a reporting approach to create short, medium and long-term value, as well as the interdependencies of the six capitals: human, natural, manufactured, financial, intellectual, and social and relationship capital. All data presented relates to the principal activities of MSM Group and all its subsidiaries unless stated otherwise.

NAVIGATE OUR REPORT

In this report, the following navigation icons are designed to connect our six capitals, key stakeholders, strategic themes and enablers to material matters, risks and performance.

Navigation Icons

- Find relevant information in this report
- Find relevant information on our corporate website

Six Capitals

- Financial Capital**
- Intellectual Capital**
- Manufactured Capital**
- Human Capital**
- Social & Relationship Capital**
- Natural Capital**

Materiality Matters

- M1** Governance, Ethics and Integrity
- M2** Financial Management
- M3** Occupational Health and Safety
- M4** Traceability, Responsible Sourcing and Supply Chain Management
- M5** Data Security and Protection
- M6** Waste Management
- M7** Operational Performance
- M8** Employee Engagement
- M9** Economic Impact
- M10** Upholding Human Rights and Labour Standards
- M11** Sustainable Raw Sugar
- M12** Business Development and Product Quality
- M13** Talent Management
- M14** Water Management
- M15** Diversity, Equity and Inclusion

The Six Capitals of Value Creation

This report provides a clear view of the risks and opportunities that will shape our business environment in the next few years. It offers a comprehensive and holistic overview of market challenges, risk management, strategies, governance, initiatives and key developments.

MSM Group focuses on creating economic value while ensuring the sustainability of the communities we serve. We aim to achieve this goal by mobilising the Six Capitals, which include Financial Capital, Natural Capital, Manufactured Capital, Intellectual Capital, Human Capital, and Social and Relationship Capital. The IIRC's guidelines have been instrumental in guiding the Company's strategic objectives, and our business strategies revolve around maximising positive outcomes within these capitals while being mindful of the trade-offs between them and mitigating negative impacts.

Our disclosure from pages 50 to 51 illustrates our value creation Business Model, which demonstrates the interrelatedness and interdependence between our Capitals and other key drivers that influence our value creation journey.

Materiality

The information and data in this report have been prepared based on our identified ESG material matters, which were determined in a materiality assessment in FY2022. This report provides an overview of the material matters that are significant to MSM's business and stakeholders. The contents outline our management approach, initiatives and aspirations for each material matter going forward.

Forward-Looking Statement

Our forward-looking statements reflect our current views with respect to future events and are subject to various risks, uncertainties and other factors, including international, national and local economic conditions and government policies, interest rate movements and changes in the credit markets and other risks outside of our control that may cause actual results to differ materially from those contemplated. These statements can be recognised by keywords such as "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "outlook", and other similar expressions used in the context of discussing

Basis of This Report

future operating or financial performance. These statements are founded on multiple assumptions and are exposed to various risks, uncertainties, and contingencies, many of which MSM has no control over. Unexpected events and actual future developments may deviate significantly from current expectations due to new business opportunities, changes in the Group's priorities and other factors.

Reporting Integrity and Assurance

This report has been reviewed by the Executive Committee and Audit Committee, together with the Audited Financial Statements 2022, to ensure that the information presented in this report is reliable and consistent.

The contents of this report have been endorsed by the Board of Directors and Senior Management of MSM, in accordance with the requirements of the MCCG 2021, Companies Act 2016, the Listing Requirements of Bursa Malaysia and the Sustainability Guidelines.

The financial report and statements have been audited by MSM's appointed external auditors, PricewaterhouseCoopers PLT (PwC) and is approved free of qualifications. The Board acknowledges responsibility for ensuring the integrity recommendations of the Annual Integrated Report, following recommendation by the Audit, Governance and Risk Committee, responsible for oversight of the annual integrated report. Our Statement on Risk Management and Internal Control (SORMIC) underwent a limited assurance review by external auditors.

The complete report is also accessible online on our corporate website at:

www.msmsugar.com



Access our 2022 Annual Integrated Reporting Suite online by scanning the QR code provided.

Corporate Profile



SWEETENING LIVES SINCE 1964

Incorporated on 10 March 2011, MSM is listed on the Main Market of Bursa Malaysia and its year-on-year market capitalisation has grown to RM598 million as at 30 December 2022. A 58-year-old iconic home-grown business which carries an approximate brand value of RM617.8 million, MSM's continued success is a testament that its repute and brand values are being passed down from one generation of Malaysians to the next.

The current production capacity for MSM Group is 2.05 million tonnes, reduced from 2.14 million tonnes capacity in FY2020 due to the disposal of MSM Perlis Sdn Bhd following the Group's consolidation to maximise utilisation factor in our two refineries, MSM Prai Berhad and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). Shareholders have approved the sale of wholly-owned MSM Perlis Sdn Bhd to FGV Integrated Farming Holdings Sdn Bhd for total proceeds of RM181.11 million. The Group will be optimising MSM Johor's capacity in stages via a ramp-up program to improve the Group's economies of scale reducing the production cost per unit.

MSM Group produces, markets and sells refined sugar products under our flagship Gula Prai brand that lives up to its slogan, "Sweetening Lives Since 1964". Apart from household consumers, MSM sells to a wide range of customers in Malaysia and in other countries, directly to small and medium industries (SMIs) as well as major industries, and indirectly through traders, wholesalers and distributors regionally.

MSM Malaysia Holdings Berhad (MSM) is Malaysia's leading refined sugar producer, listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011. It is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM598 million as at 30 December 2022. MSM produces, markets and sells refined sugar products. It consists of two operating subsidiaries, MSM Prai Berhad and MSM Sugar Refinery (Johor) Sdn Bhd, which were established in 1959 and 2018 respectively.



Corporate Profile

Largest standalone sugar refinery in Malaysia

One of the largest sugar refiners in the global sugar industry

Production Capacity: **2.05** million tonnes

Produces **>947** thousand mt of refined sugar products

Ranked **3rd** most chosen FMCG brand in FY2021

Premium Quality Sugar

Polarisation of **99.6%** | ICUMSA **45**

Total Manpower: **1,038** employees

Serving **>300** customers

>50% GLC's equity ownership

Our Mission, Vision & Core Values

MISSION

We strive to enhance value for shareholders through efficient, innovative and customer-centric business execution. This is further amplified by value-added downstream and regional market growth throughout the food-related value chain. We uphold our commitment to sustainability values in four lenses: sustainable value creation, better planet, positive social impact and good governance.

VISION

To be a world class and cost-efficient organisation driven by sustainability with a diversified portfolio in food-related business.



CORE VALUES

SENSE OF BELONGING



WINNING ATTITUDE



INTEGRITY



INNOVATION



TEAMWORK



Our Mission, Vision & Core Values

OUR SUBSIDIARIES

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd
- MSM Trading International DMCC (Liquidated on 16 September 2022)

OUR CUSTOMERS

- Malaysian households
- Beverage and confectionery companies
- Hotels
- Restaurants and food outlets
- Distilleries and producers of ethanol, animal feed and yeast

OUR PRODUCTS

- White refined sugar of various grain sizes
- Soft brown sugar
- Sugar premix
- Liquid sugar
- Molasses
- Fine syrup
- Sucralose and stevia mix



Our Presence

MSM's export market share is 8% of APAC

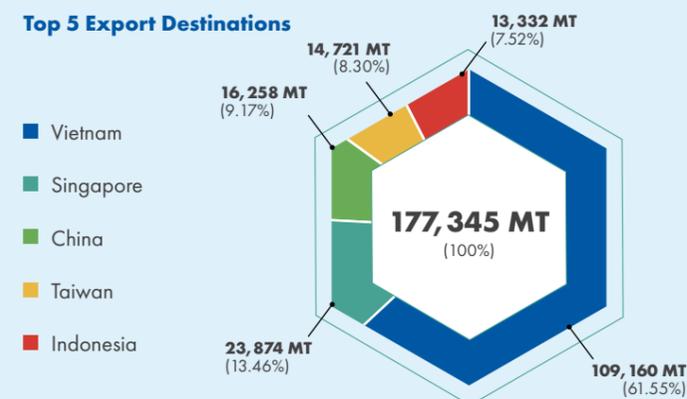
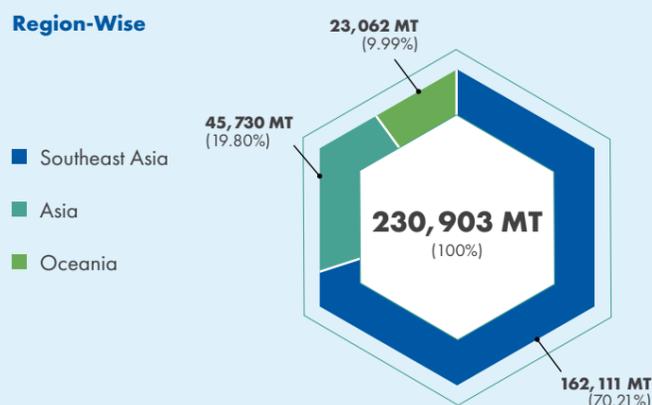


MSM Export Destinations 2022

230,903 MT

(100%)

Note:
1. Total export sales includes sales of molasses.



MSM Products

Gula Prai ranked as the 3rd most chosen FMCG brand in Malaysia in FY2022

(Based on UK-based Kantar Group's data insights released in the Kantar Asia Brand Footprint 2022)

- Sugar Grades
- Storage Condition
- Packaging Size

Here's a sugar product that you can't miss! Available almost everywhere and at every retail outlet in Malaysia. This sugar delivers an excellent taste, making it the ideal sugar for general sweetening.

- Coarse Grain Sugar (Gula Kasar), P1, EP1
- Keep sugar in a cool and dry place at ambient temperature
- 1 kg, 2 kg, 25 kg, 50 kg, 500 kg & 1,000 kg



Coarse
Grain
Sugar

Another hot selling sugar product! Great to be enjoyed with your favourite beverage and for home food preparation.

- Fine Granulated Sugar (Gula Halus), PXX, P1S, EPXX, EP1S
- Keep sugar in a cool and dry place at ambient temperature
- 1 kg, 25 kg, 30 kg, 50 kg, 500 kg, 1,000 kg & Bulk



Fine
Granulated
Sugar

Moist with small, fine crystals and has a subtle golden colour. Ideal for baking delicious cookies and cakes, when a fuller flavour is needed. It goes perfectly well with coffee too.

- Soft Brown Sugar (Gula Merah Lembut), PB, P4
- Keep sugar in a cool and dry place at ambient temperature
- 500 g, 25 kg & 50 kg



Soft
Brown
Sugar

Popular with bakers because the fine crystals cream very easily into butter and dissolve more readily into meringues and batters. Caster sugar adds more volume to baked products, giving them a lighter texture, a result preferred by bakers. It's also perfect to be lightly sprinkled over baked goods.

- Caster Sugar (Gula Kastor)
- Keep sugar in a cool and dry place at ambient temperature
- 500 g, 25 kg, 50 kg & 1,000 kg



Caster
Sugar

Icing
Sugar

A versatile ingredient in sweet baked goods, sugar and chocolate confectionary, providing a smooth, soft finish texture.

- Icing Sugar (Gula Aising)
- Keep sugar in a cool and dry place at ambient temperature
- 500 g, 25 kg & 40 kg



Go Natura complements smaller sugar portions with the natural sweetness of stevia in handy sachets that you can take with you wherever you go. One sachet is all you need to satisfy your sweet tooth!

- Fine grain sugar
- Keep in a clean and dry place at ambient temperature and away from direct sunlight
- 2.5 gm x 50 sachets, 125 gm x 40 boxes



Go
Natura

Go 1/2 is mixed with sucralose to add the sweetness you love while reducing overall sugar consumption by half. So you enjoy more sweetness with less sugar. Packaged in convenient sachets for you to control the sugar in your drinks and desserts, even when you are on the go!

- Fine grain sugar
- Keep in a clean and dry place at ambient temperature and away from direct sunlight
- 2.5 g x 50 sachets, 125 g x 40 boxes



Go
1/2

Liquid Sugar



High grade sugar syrup.

- Concentrated clear liquid
- Sugar should be kept in a clean and dry place at ambient temperature, away from direct sunlight
- Flexi bag/Tanker

Fine Syrup



Similar to liquid sugar, deep brown colour in appearance.

- Concentrated clear liquid
- Store at least at room temperature as lower temperatures may cause crystallisation. Storage above 50°C may cause discolouration
- Flexi bag/Tanker

Premix



Customisable sweetened products for industrial use.

- Sweetened cocoa, glucose or milk preparation
- Keep in a clean and dry place at ambient temperature, away from sunlight
- 25 kg PP Woven Bag + Inner Liner

Molasses



The thick and dark brown liquid molasses is a by-product derived from the process of refining sugar. MSM sells molasses to distilleries and producers of ethanol, animal feed and yeast.

- Molasses (liquid)
- Keep in a cool and dry place
- Ex-factory in customer's tanker

Our Corporate Details

BOARD OF DIRECTORS

Datuk Syed Hisham Syed Wazir
Chairman/Independent
Non-Executive Director

Choy Khai Choon
Independent Non-Executive Director

Dato' Muthanna Abdullah
Independent Non-Executive Director

Datuk Dr Abd Hapiz Abdullah
Independent Non-Executive Director

Dato' Rosini Abd Samad
Independent Non-Executive Director

Nik Fazila Nik Mohamed Shihabuddin
Non-Independent Non-Executive Director

Dato' Mohd Nazrul Izam Mansor
Non-Independent Non-Executive Director
(appointed with effect from 4 October 2022)

Raja Faridah Raja Ahmad
Non-Independent Non-Executive Director
(appointed with effect from 28 October 2022)

Fakhrunniam Othman
Non-Independent Non-Executive Director
(appointed with effect from 23 February 2023)

Datuk Lim Thean Shiang
Independent Non-Executive Director
(cessation of office on 23 August 2022)

Dato' Amir Hamdan Hj Yusof
Non-Independent Non-Executive Director
(resigned on 28 October 2022)

Azman Ahmad
Non-Independent Non-Executive Director
(resigned on 1 January 2023)

GROUP CHIEF EXECUTIVE OFFICER

Syed Feizal Syed Mohammad

CHIEF FINANCIAL OFFICER

Dr. Mazatul 'Aini Shahar Abdul Malek Shahar

(appointed with effect from 1 December 2022)

Ab Aziz Ismail

(cessation of office on 1 December 2022)

COMPANY SECRETARY

Azni Ariffin (LS 0010610)

(appointed as Joint Company Secretary with effect from 18 July 2022 and was re-designated as Company Secretary with effect from 31 July 2022)

Koo Shuang Yen (MIA 7556)

(resigned on 31 July 2022)

REGISTERED OFFICE

Level 21, Wisma FGV, Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur, Malaysia

Tel : +603 2789 0000
Fax : +603 2789 0001

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor, Malaysia

Helpdesk : +603 7890 4700
Fax : +603 7890 4670

AUDITORS

Messrs. PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, Menara TH 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

Tel : +603 2173 1188
Fax : +603 2173 1288
Website : www.pwc.com/my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Listed since 28 June 2011
Stock Code : 5202
Stock Name : MSM

INVESTOR RELATIONS AND ENQUIRIES

Investor Relations Officer:

Fariza Haizumi Ahmad

Level 44, Menara FELDA, Platinum Park
No. 11, Persiaran KLCC
50088 Kuala Lumpur, Malaysia

Tel : +603 2181 5018
Fax : +603 2181 5015
Website : www.msmsugar.com
Email : investor.relations@msmsugar.com

MSM SOCIAL MEDIA ACCOUNTS



MSM Malaysia Holdings Berhad



MSM Gula Prai

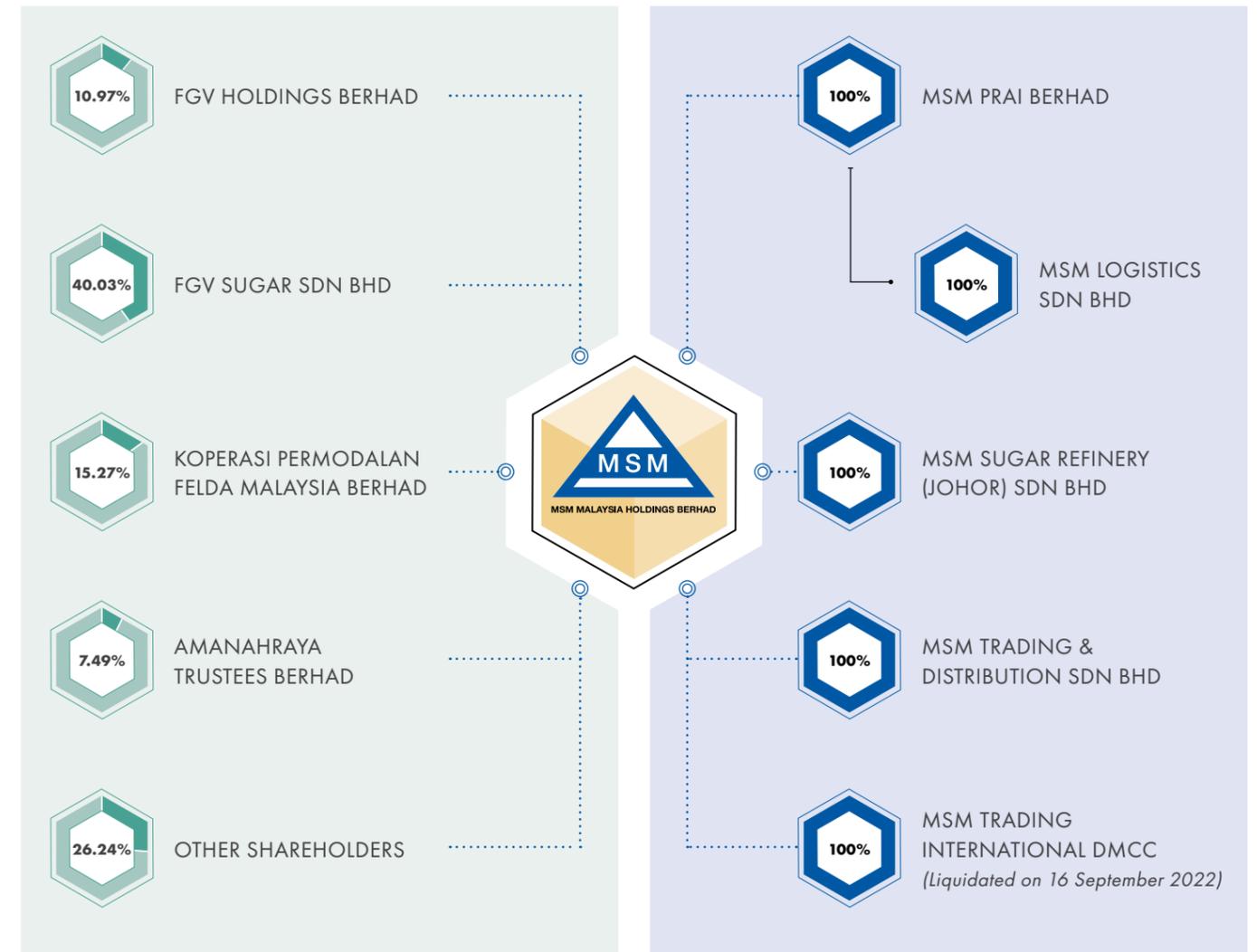


MSMGULAPRAI TV



@msmgulaprai

Our Group Structure



Our Value Chain

The MSM Group focuses on the mid-stream activities of the sugar value chain — namely sourcing, processing, marketing and distribution of refined sugar products, value added sugar products and sugar manufacturing by-products.

Through two established refineries situated in Prai, Penang and Tanjung Langsat, Johor, MSM is known for its premium quality sugar with a high sucrose content which has a dominant presence among the food and beverage industry consumers, both domestically and regionally.

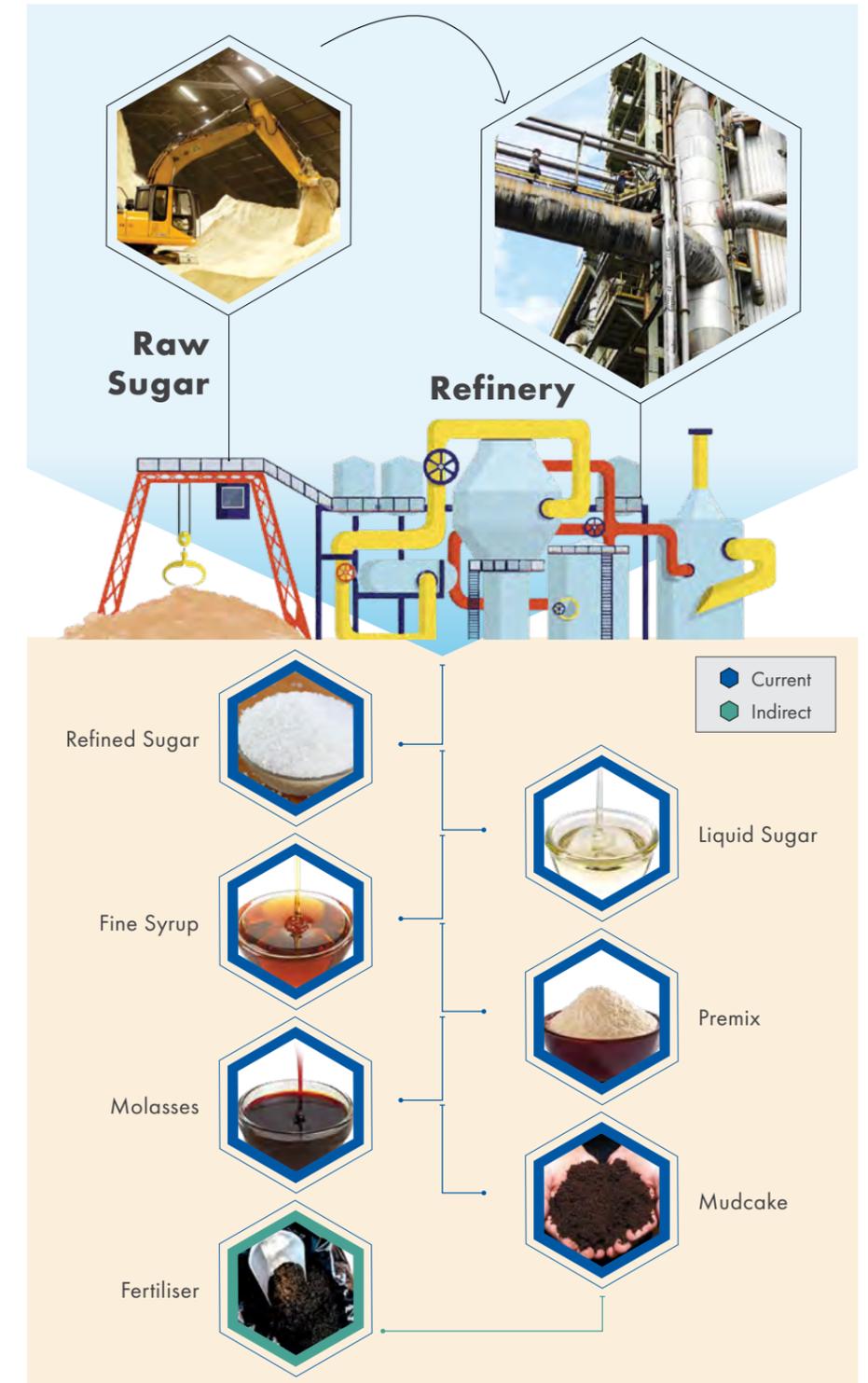
MSM has ventured into producing value added sugar products such as liquid sugar, fine syrup and premixes by leveraging its expanded production capacities.

MSM is currently exploring the recycling of sugar refining by-products by converting waste, namely mudcake, into fertilisers, and molasses into high value products.

PRODUCING HIGH QUALITY PRODUCTS



Our Value Chain



What Differentiates MSM?

What Differentiates MSM?

WHY ARE WE DIFFERENT?

WIDE RANGE OF PRODUCTS

A highly refined process **ICUMSA 45** results in the sugar's sparkling white colour and a minimum of 99.60° polarisation.

ASSORTED SIZES

Our sugar products are packed in each tailored to meet the needs of our customers.

Various grades of refined sugar

COARSE GRAIN	FINE GRANULATED	ICING
	SOFT BROWN	CASTER

For the retail segment, there is a high demand for our refined fine granulated (PXX) sugar from industrial customers, while consumers consume mostly coarse grain (P1 or CGS) sugar. Our caster and brown sugars cater to niche customers, which are mostly bakeries.

MSM also has a Premium Prai brand, which introduces healthier lifestyle options with blended sugar content with sucralose "Go 1/2" and stevia "Go Natura".

DIVERSE SALES CHANNELS AND STRONG CUSTOMER BASE

Estimated
60%
of market share domestically

THE COCA-COLA COMPANY

FRASER & NEAVE HOLDINGS BERHAD

NESTLE MALAYSIA

LOTUS'S

F&B NUTRITION, ETIKA GROUP, KERRY, MALAYSIA MILK and many more.

A range of customers **LOCALLY and INTERNATIONALLY**

ASIA PACIFIC MARKETPLACE

Exporting to more than

8
countries



VIETNAM



CHINA



SOUTH KOREA

and other Asia Pacific countries.

OUR RESILIENT JOURNEY

Our industry has withstood significant headwinds amid prolonged inflationary environment

BUILDING MALAYSIA'S SUGAR INDUSTRY

- Our story began in 1959, just two years after Malaysia gained its independence. MSM was tasked to ensure Malaysia's food security, as sugar is an essential commodity and a valuable national soft commodity.
- As a pioneer in the sugar refining business, MSM has long established its roots as a national sugar refinery, ensuring sustainable supply of high quality refined sugar products for the growing consumption of the country.

GULA PRAI established in **1964**

RANKED 3rd
in the Top 10 List of Most Chosen Brands in the Total Fast-Moving Consumer Goods (FMCG) segment in Malaysia

WHY COLLABORATE WITH US?

Building business relationships has always been a crucial part of MSM's strategy. MSM's valued business partners, ranging from suppliers to purchasers to consumers, have long provided their support to MSM to lead the country's sugar industry.

As the country's first and oldest sugar manufacturer, we have built a solid foundation and continue to fine-tune our business model progressively to increase production efficiency, capacity and sustainability.

INVESTING IN ASSETS

The sugar refining business is capital intensive in nature. Continuous investment in fixed and long-term assets is part and parcel of the business. Over time, the Group incurs maintenance and rejuvenation expenses to ensure our assets have a longer life span. Our sugar distribution is largely supported by a strong supply chain network nationwide. Our refining process uses natural gas as fuel to heat our boilers, producing steam to melt and refine the raw sugar in the centrifuges. The Management is exploring greener solutions to complement or reduce the consumption of natural gas.

Moving towards fully embracing

Industrial Revolution 4.0 (IR4.0)

which will further enhance our processes, maximise outcomes and enable us to be more cost-efficient.

Our digitalisation process covers multiple functions including sales, reporting, costs and even our environmental, social and governance (ESG) practices.

We operate our **own logistics company** that serves as a fulfilment centre for our downstream supply chain.

MSM Logistics Sdn Bhd, our distribution network consisting of **a 43-truck fleet of various cargo trailers**, ensures that our products reach customers and warehouses nationwide in a timely and efficient manner.

FINANCIAL RESOURCES

We maximise our working capital and financial resources to support our sales and operations. MSM optimises its capital structure with the right level of leverage and equity to meet production and investment requirements at the lowest cost of capital.

Chairman's Address

Dear Stakeholders,

In the year under review, MSM Malaysia Holdings Berhad (MSM or The Group) has demonstrated resilience despite the pressures of a challenging global market environment. I am pleased to report that the Group has continued to push ahead with the second year of its turnaround strategy, thus achieving a measure of success in growing the business and reinforcing its foundations.

GOING GLOBAL, BECOMING WORLD-CLASS



Persevering Through a Challenging Environment

In 2022, we have seen higher input costs for the Group due to higher raw sugar, energy and freight prices as well as the weaker Malaysian Ringgit performance against the US Dollar. The increase in each of these components can generally be attributed to the combination of stronger demand as a result of ongoing economic recovery, disrupted supply chains due to China's zero-Covid policy and the Russian-Ukraine conflict impacting energy markets.

To mitigate the effects of the higher costs, we have deployed a range of strategies and tactics that include hedging against both raw sugar and natural gas prices, reducing our freight costs via long-term charters and revising our average selling prices upwards. In addition, the Group has implemented a robust cost optimisation programme which resulted in large savings for the year while ensuring that the ramp-up programme at MSM Johor remains firmly on track as we look forward to the future.



MSM Integrity Talk by Malaysian Anti-Corruption Commission (MACC) representative with MSM Senior Management, MSM employees together with vendors and relevant stakeholders in attendance at Menara FELDA.

Overall, we have seen stable customer demand and sales volumes in line with the economic recovery amid the retreating Covid-19 pandemic. The Group has continued to expand its domestic market share with new distribution channels in retail outlets covering over 2,000 stores nationwide. We are also expanding into the Singapore market with negotiations currently taking place with potential customers. In addition, we introduced a smaller 500g packaging of the Coarse Grain Sugar to widen consumer acceptance.

Enhancing Governance

Solid governance remains at the core of our business. Robust policies, the implementation of best practices and a culture of integrity will position MSM favourably, as it forms the basis for long-term value creation.

To enhance our governance practices, we have stepped up in FY2022 with the establishment of our Risk Committee. The Risk Committee is tasked to provide oversight and review our risk related matters in MSM Group and is led by our C-suite team and various department heads including the Head of Operations.

Credit Control and Sales Payment Terms Policy, External Auditor Policy, Group Inventory Policy, Whistleblowing Policy and Group Inventory Reporting Policy were also established or revised to further enhance governance.

We continue to create awareness and deepen our knowledge on integrity through MSM Integrity Talks and the MSM Integrity Pledge. As an accountable corporate citizen, we cascaded our practices to our vendors through the Vendor Integrity Pledge of which 97% of the Pledge was completed in the year in review. We also launched our Conflict of Interest Disclosure which was extended to new joiners, achieving an overall overwhelming response from all employees.

We also remain steadfast in our Anti-Bribery and Corruption practices through our ongoing Corruption Risk Management (CRM) workshops, which is helping ensure MSM's readiness for the Organisational Anti-Corruption Plan (OACP).

We are proud to see our efforts being recognised, with MSM making it once again into the Top 100 Companies for Corporate Governance Disclosure 2021 based on Minority Shareholders Watch Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard 2021. We will continue to uphold good governance practices and constantly improve on the quality of our disclosures and practices.

Our corporate reporting practices have also been recognised with our second consecutive time at the National Annual Corporate Report Awards (NACRA) 2022 with two Silver awards for the Best Annual Report in Bahasa Malaysia category and for the Companies with less than RM2 billion in Market Capitalisation category.

Group Financial Performance

For more information about on MSM Group's financial performance, refer to pages 26 to 27.



Scan the QR code to access the 2022 Annual Integrated Report online

Chairman's Address

Speaking about teamwork, I am elated to share with you that for the second time, MSM won Silver for Special Awards Best Annual Report in Bahasa Malaysia and Silver for Excellence Awards Companies with less than RM2 billion in Market Capitalisation in the National Annual Corporate Report Awards (NACRA) 2022. Congratulations to Corporate Strategy and Investor Relations, AIR team and all who have made it possible. Well done!



Visit to Wilmar's sugar suppliers mills in Thailand together with MSM, Nestle and The Coca-Cola Company.

Advancing Sustainability

At MSM, sustainability is at the heart of what we do as we strongly believe that non-financial performance is a critical component in the development of a successful organisation. As a main member of the CEO Action Network, a coalition of Malaysian CEOs focused on sustainability advocacy, our Group Chief Executive Officer, Syed Feizal Syed Mohammad certainly embodies MSM's sustainability aspirations.

In the year under review, we officially commenced a collaboration with Wilmar Sugar Pte. Ltd. (Wilmar) to establish a sustainable sugar supply chain. The agreement supports Wilmar's No Deforestation and No People Exploitation (NDPE) policy and demonstrates our collective commitment to protect the environment, labour and communities. Taking part in the sustainable sugar supply programme comes on the heels of our commitment as only the second food-based company in Malaysia to have signed the Science Based Target initiative (SBTi) and Business Ambition for 1.5°C commitments which is a collaborative effort between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

We have also embarked on the Taskforce on Climate-Related Financial Disclosures (TCFD) and this year's report in particular will see our disclosures aligned with TCFD recommendations. In this context, the Board has oversight and is the ultimate key decision-making authority on all climate-related considerations, risks and opportunities. We are further

supported by the ESG Management Committee which tracked several climate-related projects in 2022 aimed at reducing emissions or finding new ways to minimise our environmental impact further, such as our participation in the Resource Efficiency & Industrial Symbiosis Opportunity (REISO) programme.

Underscoring another aspect of climate action, we have planted more than 1,700 mangrove tree seedlings in Prai this year, in line with the Group's vision to be an industry champion in mangrove forest conservation efforts. Mangrove forests will in turn be an income generator for fishermen and serves the dual-purpose as a natural coastline defence and carbon storage area. For other communities in need, we contributed sugar to the Food Aid Foundation in conjunction with food contribution efforts by Bursa Malaysia.

MSM is making excellent strides when it comes to enriching our people, winning the bronze award at the Human Resource Excellence Awards 2022 for Digital Transformation Excellence. I would like to congratulate the Group People & Culture department together with the Group IT department for this exceptional win as we were shortlisted alongside many major reputable corporates including Dell, Shell, Maybank, HSBC, Standard Chartered and more.

Our consistent efforts in advancing our sustainability journey since our listing on Bursa Malaysia's FTSE4Good ESG Rating index in June 2021 has seen our rating improve from 1 star to 2.4 stars since the last update in December 2022.

Chairman's Address

Outlook

While it has been challenging year for the MSM Group, I believe that the steps that we have taken under the Resilient phase of our Business Plan 2021 - 2023 (BP23) has put us in good stead. We now move into the final year of BP23 with the theme Integration, where the three main principles of optimising our assets potential, strengthening domestic position and regional presence and improving capital structures will continue to guide us.

In doing so, we will continue to ensure greater reliability of our manufacturing plants, expand our sales channels locally and in the region, and fully embrace all aspects of digitalisation in our business to generate higher operational efficiency. We will also continue to work closely with the FGV Group, as our parent company, in exploring new synergies as they begin their own journey into the food and fast-moving consumer goods space.

Acknowledgements

In 2022, MSM bid farewell to several Board Members including Datuk Lim Thean Shiang, Dato' Amir Hamdan Hj Yusof and Azman Ahmad, who retired at the end of the year. On behalf of the serving Board Members, I thank you for your invaluable contributions toward the growth of MSM. In return, we welcomed Raja Faridah Raja Ahmad, a representative from Koperasi Permodalan FELDA Malaysia Berhad (KPF), Dato' Mohd Nazrul Izam Mansor and Fakhrunniam Othman, representing our parent company FGV Holdings Berhad as newly appointed Board Members.

We also said our goodbye and thank you to Ab Aziz Ismail who served as our Chief Financial Officer (CFO) since 2019, while we greet our new CFO, Dr. Mazatul 'Aini Shahar Abdul Malek Shahar as his successor.

I also take this opportunity to express our gratitude to the Ministry of Domestic Commerce and Consumer Affairs (KPDNHEP), sugar industry authorities, our customers, suppliers and business partners. All parties were great contributors to our ability to navigate this challenging year sustainably and towards Resilience.

To our shareholders, FGV, KPF, Permodalan Nasional Berhad (PNB), the statutory body of Employees Provident Fund (EPF) and others, thank you for your unwavering support and trust that has allowed us to continuously strive to perform in your interest.

I express my appreciation to the MSM Management, led by Group Chief Executive Officer, Syed Feizal Syed Mohammad for the team's strong commitment in FY2022. Last but not least, Keluarga MSM that embodies the true meaning of a 'family' as we remain closely knitted, riding through the good times and adversity. Thank you for your faith in the Group and as we look ahead for an economic rebound, may we all prosper together.

DATUK SYED HISHAM SYED WAZIR

Chairman
Independent Non-Executive Director



MSM Group Chairman, Datuk Syed Hisham Syed Wazir alongside Group CEO, Syed Feizal Syed Mohammad, Group COO, Hasni Ahmad and former CFO, Ab Aziz Ismail with the committee for MSM's 11th Annual General Meeting at Menara FELDA.

In Conversation with Our Group Chief Executive Officer

In Conversation with Our Group Chief Executive Officer



**SYED FEIZAL SYED
MOHAMMAD**
Group Chief Executive Officer

DEAR STAKEHOLDERS,

This year has been one that can only be described as tremendously challenging for the MSM Group as persistent inflationary pressures weighed on our entire value chain. The Group has however stood equal to the task as we adopted an all-hands-on deck approach in navigating these headwinds and ensured that our turnaround strategies continued unimpeded. It is in this context that I would like to invite you to look beyond the news headlines as I describe the actions we have taken throughout 2022 to strengthen our foundations, grow the business and mitigate the effects of a high-cost environment.

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER



Q CAN YOU SHARE MSM'S OPERATING ENVIRONMENT IN 2022 AND HOW MSM NAVIGATED IT?

A The price of NY11, the world benchmark contract for raw sugar, has remained elevated throughout 2022, fluctuating between 17.4 and 20.4 US cents per pound*, leading to higher average prices compared to 2021. While higher raw sugar prices can be mitigated to a certain extent through hedging activities, the higher cost of natural gas, freight and a weak Malaysian Ringgit has compounded the issue and led to higher overall input costs. In addition, low utilisation at MSM Johor has added higher refining cost and dragged the Group's overall production lower. To overcome these challenges, the Group has undertaken a number of initiatives, including revising our selling prices, optimising cost and focusing on MSM Johor's ramp-up programme.

*Source: <https://www.nasdaq.com/market-activity/commodities/yo:nmx>

EXECUTIVE OFFICER

Q WHAT ARE SOME OF THE RESULTS OF THE INITIATIVES THAT THE GROUP HAS UNDERTAKEN?

A Protecting our Margins
In 2022, we revised all our average selling prices (ASPs) and premiums to reflect our input costs more accurately. This will help us protect our margins and manage our returns should input costs remain at the higher end of the spectrum going forward even as we continue to ramp up production. Our main challenge in this context is our retail segment which makes up about a third of our sales volumes and where we have little flexibility to address margin compression as prices are fixed.

We have gone to the government to explain the need for an upward price adjustment citing that Malaysia is now the cheapest retail market for sugar in the world. Our price of RM2.85 per kilogramme is lower than both Brazil and Thailand, the world's top two sugar producers. We hope that Malaysia's newly installed government will be able to see the rationale for an adjustment to retail prices which have virtually gone unchanged for the past decade.

Cost Optimisation
The Group has taken extra steps to reduce our operational costs, leaving no stone unturned. For example, to manage our freight costs which have risen as a result of ongoing supply chain disruptions, we sought out long-term charters instead of only securing a charter one or two quarters before a shipment was due for delivery. MSM managed to bargain and secure a lower freight cost achieving a significant saving through this initiative amidst the rapid hike in charter rates owing to the global supply chain bottlenecks and the transition out of the pandemic. We are now looking at chartering bigger vessels to further reduce what we spend on freight. We also continue to hedge Brent crude oil to mitigate against the rising gas prices.

More holistically, we have implemented the cost savings, cashflow conservation and revenue generation (C2R) initiative to obtain savings from every part of the organisation. From Johor to Prai with operationally focused cost savings initiatives to lowering procurement and financing costs, as well as savings in operational and capital expenditure, the entire organisation is moving as one to obtain the best value from all our Capitals. One of our focus areas has been to reduce the cost of disposing mudcakes, which is a major residue from the production of sugar and is of no value in its original form. We have since explored new ways of transforming this by-product into an ingredient for animal feed or to improve the quality of soil. In the year under review, the overall C2R initiative has yielded significant savings. However the rise in input cost has overwhelmed our efforts to mitigate the rising cost. In order to ensure the industry's sustainability and food security, MSM continues to notify the government on the sugar industry's challenges and seek for their assistance.

Ramping Up Production
We are highly aware that production volumes at MSM Johor could be much greater and are pushing ahead with our ramp-up programme to not only improve utilisation but to ensure that it can be sustained for the long term. By May 2023, we expect to have two boilers in full operation which will then allow us to increase the utilisation factor. Currently, MSM Johor is in the initial phase of third boiler installation to act as an additional redundancy to ensure that the refinery can continue operating without any major disruptions. At MSM Prai, we are continuing with our rejuvenation life extension programme which will give the refinery another 30 years of operating lifespan. In the meantime, we will sweat our assets at MSM Prai to further increase utilisation.

Q HOW HAS THE BUSINESS PERFORMED IN THE YEAR UNDER REVIEW?

A Taking a step back, we must note that while there was a significant rise in revenues, mainly due to the revision of ASPs and the ongoing economic recovery, input costs and the low utilisation factors at MSM Johor impeded the Group's performance. As mentioned earlier, capped retail prices is a limiting factor that resists a sustainable cost pass through mechanism to our consumers. Nevertheless, if broken down by refineries, MSM Prai achieved a lower profit than the previous year, while MSM Johor remains in negative margin territory for the export and consumer segments.

To improve sales, we have secured sales through the Last Mile initiative by onboarding the largest retail outlets in Malaysia covering around 2,293 stores nationwide. We are also in talks with other retail chain outlets and expanding to Singapore with negotiations currently taking place. We have also secured a contract worth about RM300 million with the Coca-Cola Company in January 2022 to supply for both their domestic and international production over a two-year period. Across Industry segment, all sales premiums have been increased covering Big Industry and SMIs.



In Conversation with Our Group Chief Executive Officer

In Conversation with Our Group Chief Executive Officer

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

Q HOW IMPORTANT IS PEOPLE AND CULTURE TO MSM?

A Our people are the key element to ensuring that our turnaround strategy develops strong roots and produces the results we desire. I am of the view that to succeed in a business like ours, half of it is reliant on the reliability of our equipment while the other half is ultimately tied to the performance of our people and the work culture. This is why we have renamed our Group Human Resources department to Group People & Culture, the clearest indication from management that our people are at the frontline driving the business and the change we want to see.

This year, we addressed issues concerning our people at MSM Johor, cognisant that our workforce there are demoralised due to low utilisation and production since the plant started operations in 2018. We have gone to the ground, engaged with the workforce, explained our plans and made adjustments to our processes to produce better operational results. We have also put together a retention strategy with a focus on social initiatives to improve employee satisfaction and conducted discussions with the unions to align them with our goals and aspirations.

In cultivating a new culture, we emphasise and acknowledge that we will fail sometimes in reality and that these failures are not to be penalised but to be accepted as part of the journey. We want our employees to know that the problems they face are the problems we need to deal with collectively. We are nurturing an open

and transparent work environment, and most importantly encouraging innovation and the confidence to do things differently to stay ahead of an always evolving industry.

As such, we undertook two important initiatives that I believe will have a long-lasting impact on employee morale and engagement. Firstly, for the first time in MSM's history, we hosted quarterly townhall meetings for our employees to better understand the company's direction and as an open platform to share any feedback they may have. These meetings were held virtually ensuring that all our employees from Kuala Lumpur, Johor and Penang could attend. In fact, this enabled employees who were on the road to also attend.

This was an important move in that we could now hear about issues directly, even from employees involved in the nuts and bolts of our operations. There was a particularly powerful moment at one of these townhalls where one of our truck drivers pulled over at a rest stop and participated remotely to relay his feedback, which we acted upon almost immediately. The message we want to send is that everyone's inputs count, and we want to nurture the feeling of ownership and entrepreneurship among our employees.

Secondly, despite our own financial challenges, we implemented the minimum wage increase as prescribed by the government as we believe that happy and motivated workers are crucial to higher productivity.

Q WHERE IS MSM NOW IN ITS SUSTAINABILITY JOURNEY?

A We take great pride in discussing Environmental, Social and Governance (ESG) issues at MSM. To us, it is not something we do to fulfil compliance requirements, adhere to protocols or to brandish as marketing collateral. Sustainability is something that every MSM employee lives, breathes and embraces. In demonstrating our commitment, we are the second food-based company and the 10th corporate organisation in Malaysia to commit to the Science Based Targets Initiative (SBTi), a collaborative effort involving the United Nations Global Compact (UNGC), and the Net Zero Ambition initiative. We expect our science-based emission reduction targets to be ready by next year as we continue pushing ahead with a range of initiatives to meet our net zero by 2050 aspiration.

In that context, I think we are ahead of our reduction targets where 84% of our emissions are addressed through carbon capture and utilisation (recycled emissions). Of the remaining 16%, Scope 1 comprises 1% and Scope 2 comprises 15% and we continue to look for ways to reduce this.

To address emissions from the power that we utilise from the electricity grid, MSM Group has already embarked on installing solar PV panels on rooftops. While this is a small contribution, it has shown us the feasibility of utilising solar power on a larger scale, which is why we are talking to Tenaga Nasional Berhad regarding our participation in solar farm projects. We are also striving to be the top corporation in Malaysia leading the charge in the planting of mangrove trees given its incredible ability in storing carbon.

These initiatives are not being carried out in isolation as we are fully aware that emissions reduction projects like these can be monetised further down the line. As Asia's nascent carbon trading market matures, we will be in a good position to provide some of the carbon offset products needed by a range of companies in the region.

We remain on track with the programmes and initiatives under our pursuit to step up on ESG. We also notice good traction from the investing market regarding our ESG efforts. We have injected greater momentum and better strategic oversight into our ESG journey by bringing MSM's Head of ESG, Cheng Lay Peng, into the MSM Executive Committee in January 2023. As an EXCO member, we will be able to tap on her sustainability-related expertise in our planning, strategy and critical decision making at the Group level.

As a main member of the CEO Action Network, we also actively participate in climate change and green initiatives. Our institutional investors, foreign shareholders and even our lenders are all sitting up and taking note of all that we are doing inside and outside the company, and this is translating to greater investor confidence. This is why I will reiterate that ESG is no longer an option and not a burden, it is just the right thing to do as the returns are tremendous.



On 12 December 2022, Chief Executive Officer (CEO) of Food Aid Foundation (FAF), Dr Dalphine Ong and Bursa Malaysia's Director of Group Sustainability, Emilia Tee Yoke Hoong welcomed MSM Group CEO, Syed Feizal Syed Mohammad for MSM's support and donation to FAF.

To find out more about our climate actions, please turn to page 73.

In Conversation with Our Group Chief Executive Officer

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

Q HOW DO YOU EXPECT MSM TO PERFORM GOING FORWARD? WHAT WILL BE THE MAIN STRATEGIC PRIORITIES?

A Looking ahead, we forecast that the Group's results will be challenged by prevailing high input costs but will pursue returning to profit with strong revenues as we start to realise the gains from higher production volumes, wider market channels and more customers which will leverage on our large market share. We also expect export volumes to grow its Asia Pacific footprint from the present 8% to about 12-15%. In addition, we will step-up production and distribution of our profitable liquid sugar and premix business into major markets like China.

Overall, the Group will remain focused on its turnaround strategy and we believe that we are turning the corner, especially once MSM Johor's ramp-up process is completed. We are committed to ensuring operational excellence, advancing digitalisation and data analytics via IR4.0 as well as sustainable business growth. However, as we stabilise and expand our sugar universe, we also need to think beyond sugar.

Due to global population growth trends, food scarcity and the need for food security, the food business appears to be an attractive proposition. We believe that there will be opportunities in the food value chain that we can explore and create further value by leveraging on our strong network of customers and expertise staying midstream in managing manufacturing plants. There are also synergies we can obtain by working with our parent company, FGV Holdings Berhad, who are also looking to explore the fast-moving consumer goods food business. With the strong support of our Board who are like-minded and driven with entrepreneurial zeal, I am confident that MSM Group will be able to move forward and achieve its goals.

Q HOW DID THE GROUP PERFORM FROM A FINANCIAL STANDPOINT?

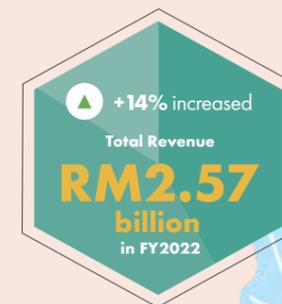
A In 2022, the Group's revenue increased by 14% to RM2.57 billion due to improved selling prices across all customer segments. However, due to the increased input costs, we recorded a loss after tax and zakat of RM178.71 million compared to a profit after tax and zakat of RM125.35 million in 2021. Reflecting this, the Group's gross profit margin turned to negative 2%, declining from a positive gross margin of 7% in 2021.

The Group continues to optimise operations and cost saving initiatives to mitigate the negative gross profit condition while simultaneously seeking for Government assistance on reviewing the low Wholesale ceiling prices in this high input cost environment.



MSM Group CEO, Syed Feizal Syed Mohammad alongwith MSM Group COO, Hasni Ahmad, Head of Corporate Strategy & Investor Relations, Abdul Hadi Karim and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) management team welcomed analysts and institutional shareholders from BIMB Securities, EPF, PNB and Lembaga Tabung Haji on a site visit to MSM Johor refinery.

In Conversation with Our Group Chief Executive Officer



Revenue

The Wholesale segment posted a 13% increase in revenue to RM952 million in FY2022 (RM842 million in FY2021) contributed by higher volume and improved selling prices. Industries segment's revenue increased by 19% at RM1,062 million in FY2022 (RM894 million in FY2021). Around 21% of the Group's revenue is generated outside Malaysia. In FY2022, Export segment's revenue increased by 6% with a total revenue of RM535 million (RM506 million in FY2021).

Finance Costs

Finance costs decreased from RM47 million FY2021 to RM32 million in FY2022. This is as a result of additional repayments made to term loans of

RM114 million in FY2021.

Taxation

The Group recorded a tax credit of

RM827,000

as a result of lower profitability and after utilisation of Group tax relief.



Statement of Financial Position

Total assets decreased from RM2.87 billion to RM2.81 billion as at 31 December 2022. The reduction is as a result of lower material and finished goods stock holding at the year end.

Total borrowings increased to RM879 million as at 31 December 2022 from RM793 million as at the end of the previous year. The increase is attributable to higher utilization of trade line facilities for purchase of raw materials. Gearing ratio recorded an increase to 31% as at 31 December 2022 from 26% in the year before. However, gearing ratio on fixed term loan is reduced to 17%. Whilst the increase is not alarming, management's strategy includes ensuring borrowings is kept at an optimum level.

Cash Flow

Management places strong importance on cash flow and cash balances of the Group. Through careful treasury management, the Group has recorded a healthy cash balance of RM221 million at the year end, increased from RM195 million as at the end of the previous year.

Due to aforementioned high operating costs in the year, the Group has generated a lower operating cash flow from operations of RM54 million, from RM95 million in the previous year. The Group will continue to improve and monitor its cash balance and cash flow management going forward.

A more detailed analysis of cash flow can be found in the Cash Flow Statement on pages 151 to 154.



Our Achievements



NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2022

- Silver Excellence Award (Companies with less than RM2 billion Market Capitalisation)
- Silver Special Award (Best Annual Report in Bahasa Malaysia)



HR EXCELLENCE AWARDS 2022

- Bronze Award (Digitalisation Transformation Excellence)



GULA PRAI - TOP CHOSEN FAST-MOVING CONSUMER GOOD (FMCG) BRAND



MSM GULA PRAI RAYA VIDEO LISTED AS TOP 20 FAVOURITE RAYA VIDEO OF 2022



GULA PRAI IS NOW PART OF THE NO DEFORESTATION & NO PEOPLE EXPLOITATION (NDPE) SUGAR INITIATIVE



ISO 45001:2018 (OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS) - MSM SUGAR REFINERY (JOHOR) SDN BHD



ISO 14001:2015 (ENVIRONMENTAL MANAGEMENT SYSTEMS) - MSM PRAI BERHAD



ISO 14001:2015 (ENVIRONMENTAL MANAGEMENT SYSTEMS) - MSM PRAI BERHAD (SUNGAI BULOH WAREHOUSE)



2022 Key Event Highlights

JANUARY 2022

VISIT BY THE MINISTRY OF DOMESTIC TRADE AND CONSUMER AFFAIRS (KPDNHEP) TO MSM PRAI BERHAD



MANDARIN ORANGES FOR WARGA MSM



MSM GROUP CEO NOMINATED AS A MAIN MEMBER OF CEO ACTION NETWORK



MARCH 2022

MSM PLEDGES TO THE SCIENCE-BASED TARGETS INITIATIVE (SBTI) AND NET ZERO AMBITION



INTERNATIONAL BUSINESS REVIEW VOLUME 141: 2022 CEO OUTLOOK



MSM LAUNCHED GENERIC TVC FOR LOCAL TV NETWORK



2022 Key Event Highlights

APRIL 2022

MSM'S FIRST RAYA TV COMMERCIAL



MSM IFTAR WITH RUMAH AMAL ASNAF AL BARAKH



MSM ORGANISED IFTAR WITH YAYASAN CHOW KIT



YB MINISTER AND KPDNHEP VISIT TO MSM SUGAR REFINERY (JOHOR) SDN BHD



MAY 2022

MSM GROUP HARI RAYA CELEBRATION AT MENARA FELDA



JUNE 2022

MSM UNWAVERING COMMITMENT FOR ESG CONTINUED WITH 1,000 MANGROVE TREES PLANTED IN PENANG



2022 Key Event Highlights

JULY 2022

MSM LONG SERVICE AWARD 2022



MSM INTEGRITY TALK HELD AT MENARA FELDA



FORKLIFT CADET PROGRAMME - A COLLABORATIVE EFFORT BETWEEN MSM AND FELDA



MSM 11TH ANNUAL GENERAL MEETING



MSM SPONSORED MY ZOO VOLUNTOURISM 5.0 PROGRAMME



FOOD DISTRIBUTION FOR HOMELESS AT PUSAT TRANSIT GELANDANGAN KUALA LUMPUR



2022 Key Event Highlights

AUGUST 2022

WARGA MSM JOHOR VOLUNTEER IN BEACH CLEANING PROGRAMME



MSM CONTRIBUTES SMART TV TO EMPOWER EDUCATION TRANSFORMATION AT SK SUNGAI BEHRANG, PERAK



WARGA MSM PRAI TOOK PART IN PENANG NATIONAL DAY PARADE



SEPTEMBER 2022

ANALYSTS & INSTITUTIONAL SHAREHOLDERS SITE VISIT TO MSM SUGAR REFINERY (JOHOR) SDN BHD



WARGA MSM JOHOR ORGANISED A CSR PROGRAMME AT KAMPUNG PERIGI ACHEH AND TANJUNG LANGSAT



OCTOBER 2022

8TH SELANGOR INTERNATIONAL BUSINESS SUMMIT 2022



2022 Key Event Highlights

DECEMBER 2022

MSM STRATEGIC MANAGEMENT RETREAT 2023



SUGAR DONATION IN SUPPORT OF FOOD AID FOUNDATION (FAF)



MSM PRODIGY PROGRAMME 2.0



MSM JOHOR LEADERSHIP ENGAGEMENT



HR EXCELLENCE AWARDS 2022



MSM PRAI BLOOD DONATION CAMPAIGN



NOVEMBER 2022

MSM JOHOR THE MAIN SPONSOR FOR UNIVERSITI TEKNOLOGI MALAYSIA JOHOR'S 66TH FESKO



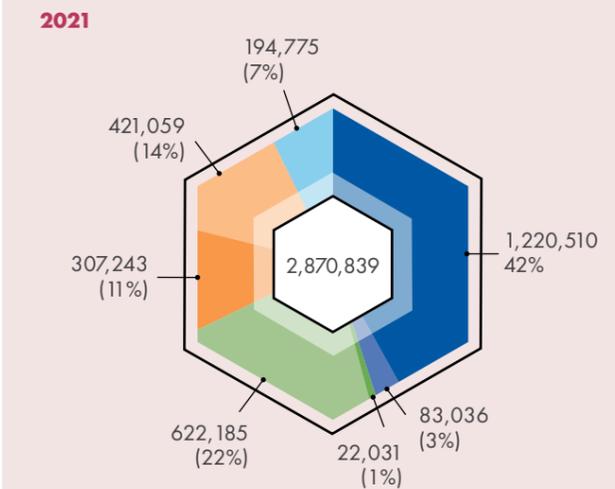
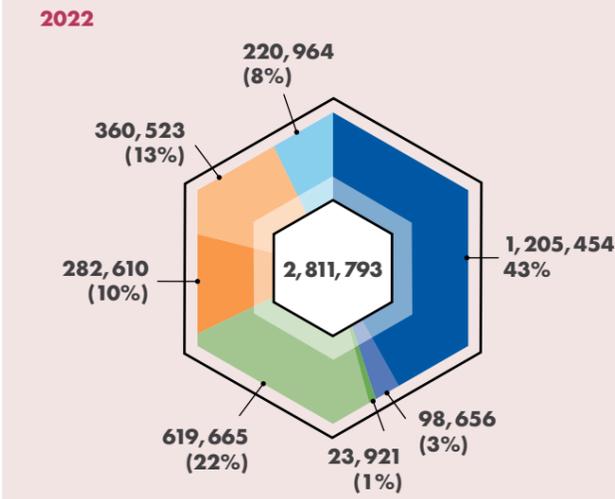
5-Year Financial Highlights

	2022 RM' 000	2021 RM' 000	2020 RM' 000	2019 RM' 000	2018 RM' 000
Revenue	2,565,985	2,259,698	2,184,463	2,006,911	2,214,376
Cost of Sales	(2,611,704)	(2,098,744)	(2,016,920)	(1,992,260)	(2,016,022)
Gross (Loss)/Profit	(45,719)	160,954	167,543	14,651	198,354
Other Operating Income	10,044	9,897	1,566	1,843	1,401
Selling and Distribution Expenses	(39,639)	(28,293)	(26,101)	(25,272)	(19,762)
Administrative Expenses	(70,808)	(66,106)	(62,374)	(73,561)	(71,817)
Reversal of impairment/(Impairment) of Financial Assets, Net	2,819	(1,635)	(6,565)	(4,583)	(3,018)
Reversal of Impairment/(Impairment) of Non-Financial Assets	-	16,427	11,775	(138,784)	(1,390)
Other Operating Expenses	(249)	(7,682)	(14,232)	(747)	(44)
Other (Losses)/Gains - Net	(7,025)	41,998	(2,816)	4,999	(2,887)
(Loss)/Profit from Operations	(150,577)	125,560	68,796	(221,454)	100,837
Finance Income	4,022	2,587	3,835	4,032	4,057
Finance Costs	(31,984)	(47,045)	(36,784)	(82,128)	(38,508)
(Loss)/Profit Before Zakat and Taxation	(178,539)	81,102	35,847	(299,550)	66,386
Zakat	(1,000)	(1,000)	(1,486)	(14)	(1,500)
Taxation	827	(43,487)	(30,498)	11,074	(27,509)
(Loss)/Profit for the Financial Year from Continuing Operations	(178,712)	36,615	3,863	(288,490)	37,377
Discontinued Operations					
Profit/(Loss) from Discontinued Operations, Net of Tax	-	88,738	(75,091)	(11,279)	(1,717)
(Loss)/Profit for the Financial Year	(178,712)	125,353	(71,228)	(299,769)	35,660

FINANCIAL RATIOS	2022 RM' 000	2021 RM' 000	2020 RM' 000	2019 RM' 000	2018 RM' 000
Return on Shareholder's Equity	(11.80%)	7.32%	(4.50%)	(18.10%)	1.82%
Return on Total Assets	(6.4%)	4.4%	(2.6%)	(10.1%)	1.0%
Debt Equity Ratio	0.9	0.7	0.8	0.8	0.9
Dividend Cover	-	5.9	-	-	-
Total Assets	2,811,793	2,870,839	2,770,280	2,980,766	3,655,342
Net Assets Per Share	2.15	2.44	2.25	2.36	2.79
(Loss)/Earnings Per Share (Sen)	(25.42)	17.83	(10.13)	(42.64)	5.08

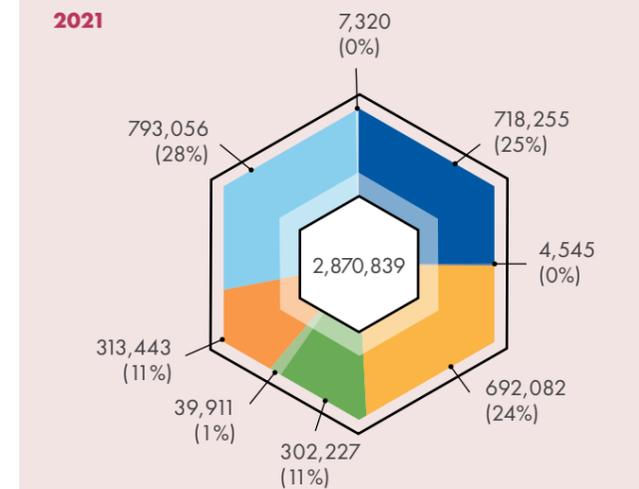
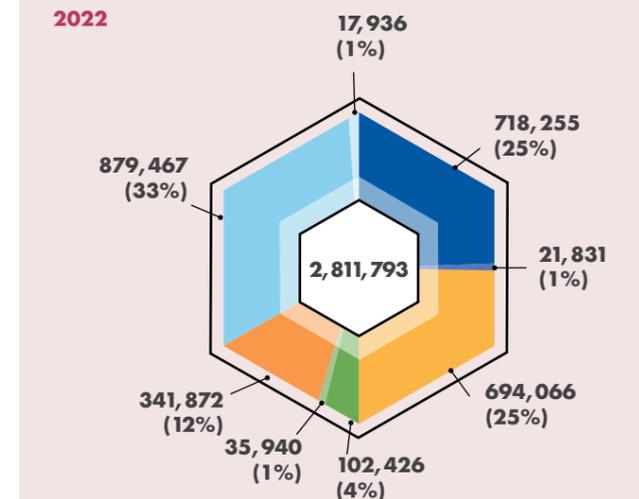
Statement of Financial Position

TOTAL ASSETS (RM' 000)



- Property, Plant & Equipment
- Receivables
- Right-of-use Assets
- Inventories
- Other Assets
- Cash and Cash Equivalents
- Intangible Assets

TOTAL EQUITY AND LIABILITIES (RM' 000)



- Share Capital
- Payables and Other Liabilities
- Lease Liabilities
- Loan Due to Related Company
- Other Reserves
- Borrowings
- Retained Earnings
- Derivative Financial Liabilities
- Deferred Tax Liabilities

Quarterly Financial Performance

	First Quarter RM' 000	Second Quarter RM' 000	Third Quarter RM' 000	Fourth Quarter RM' 000
2022				
Revenue	595,917	624,203	668,130	677,735
Loss from Operations	(18,344)	(25,378)	(67,271)	(39,584)
Loss Before Zakat and Taxation	(25,020)	(34,674)	(71,834)	(47,011)
Loss Attributable to Equity Holders of the Company	(27,683)	(34,066)	(72,802)	(44,161)
Basic Loss Per Share (Sen)	(3.94)	(4.85)	(10.36)	(6.28)

	First Quarter RM' 000	Second Quarter RM' 000	Third Quarter RM' 000	Fourth Quarter RM' 000
2021				
Continuing Operations				
Revenue	514,935	554,100	548,646	642,017
Profit from Operations	52,179	30,491	41,987	903
Profit/(Loss) Before Zakat and Taxation	43,074	21,481	22,376	(5,829)
Profit/(Loss) from Continuing Operations	30,107	13,277	9,392	(16,161)
Discontinued Operations				
Profit from Discontinued Operations	1,079	190	87,469	-
Profit/(Loss) Attributable to Equity Holders of the Company	31,186	13,467	96,861	(16,161)
Basic Earnings/(Loss) Per Share (Sen)	4.43	1.92	13.78	(2.30)

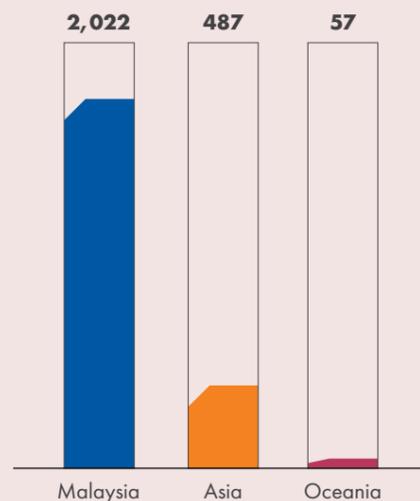
Statement of Value Added

	2022 RM' 000	2021 RM' 000
Value Added		
Revenue	2,565,985	2,259,698
Purchase of Goods and Services	(2,541,563)	(2,031,797)
Value Added by the Group	24,422	227,901
Other Operating Income	10,044	99,391
Other (Losses)/Gains - Net	(7,025)	41,998
Reversal of Impairment of Non-Financial Assets	-	16,427
Reversal of Impairment/(Impairment) of Financial Assets	2,819	(1,619)
Finance Income	4,022	2,587
Finance Cost	(31,984)	(47,045)
Value Added Available for Distribution	2,298	339,640
Distribution		
Revenue		
To Employees		
- Employment Cost	98,037	86,959
To Government/Approved Agencies		
- Taxation and Zakat	173	44,487
To Shareholders		
- Dividends	21,089	-
Retained for Reinvestment and Future Growth		
- Depreciation and Amortisation	82,800	82,841
- Retained (Losses)/Profits	(199,801)	125,353
Total Distributed	2,298	339,640

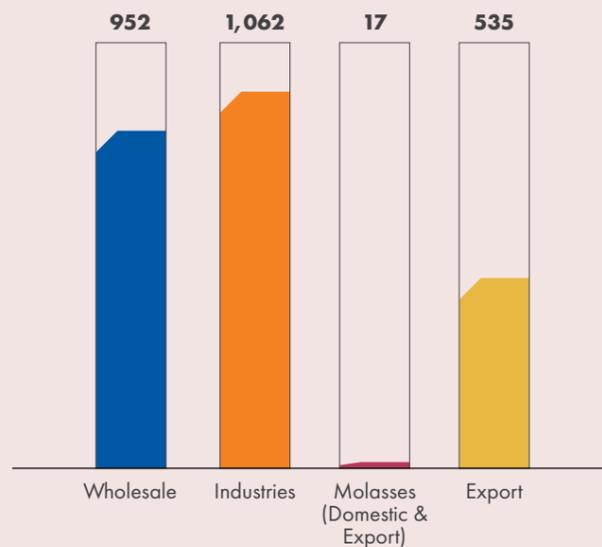
Segmental Highlights

REVENUE 2022 (RM MILLION)

REVENUE BY REGION

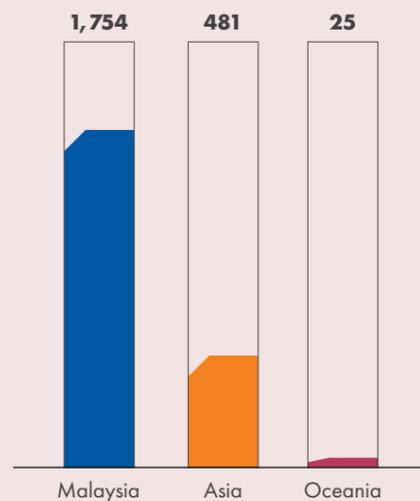


REVENUE BY SEGMENT

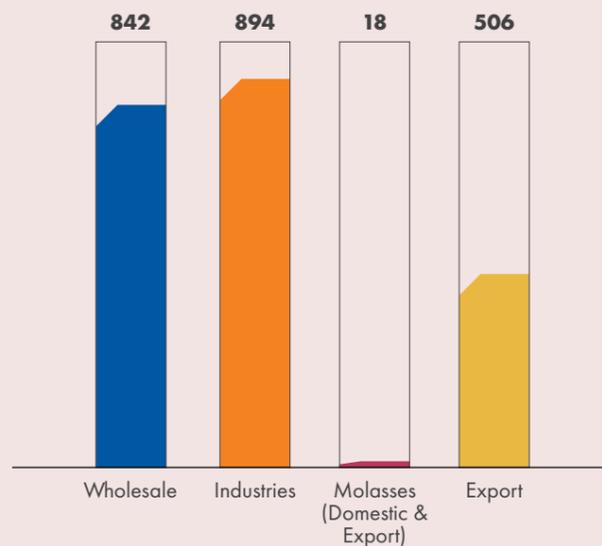


REVENUE 2021 (RM MILLION)

REVENUE BY REGION



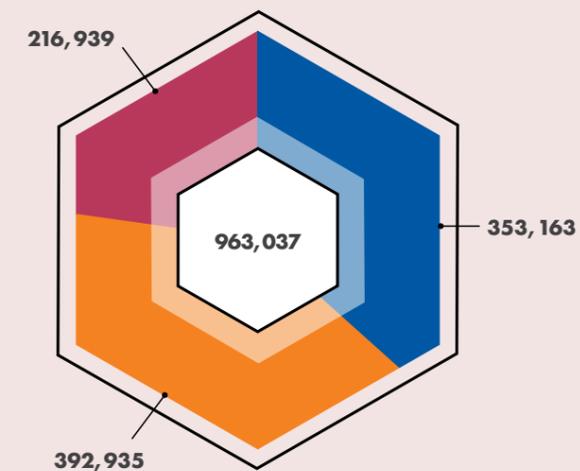
REVENUE BY SEGMENT



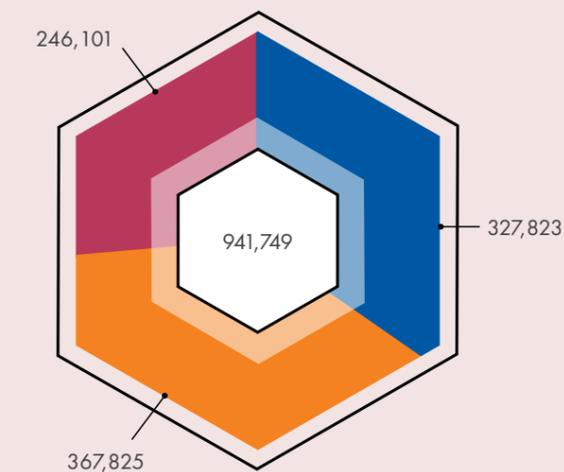
Sales Highlights

SALES VOLUME (TONNES)

2022



2021



■ Wholesale
 ■ Industries
 ■ Export

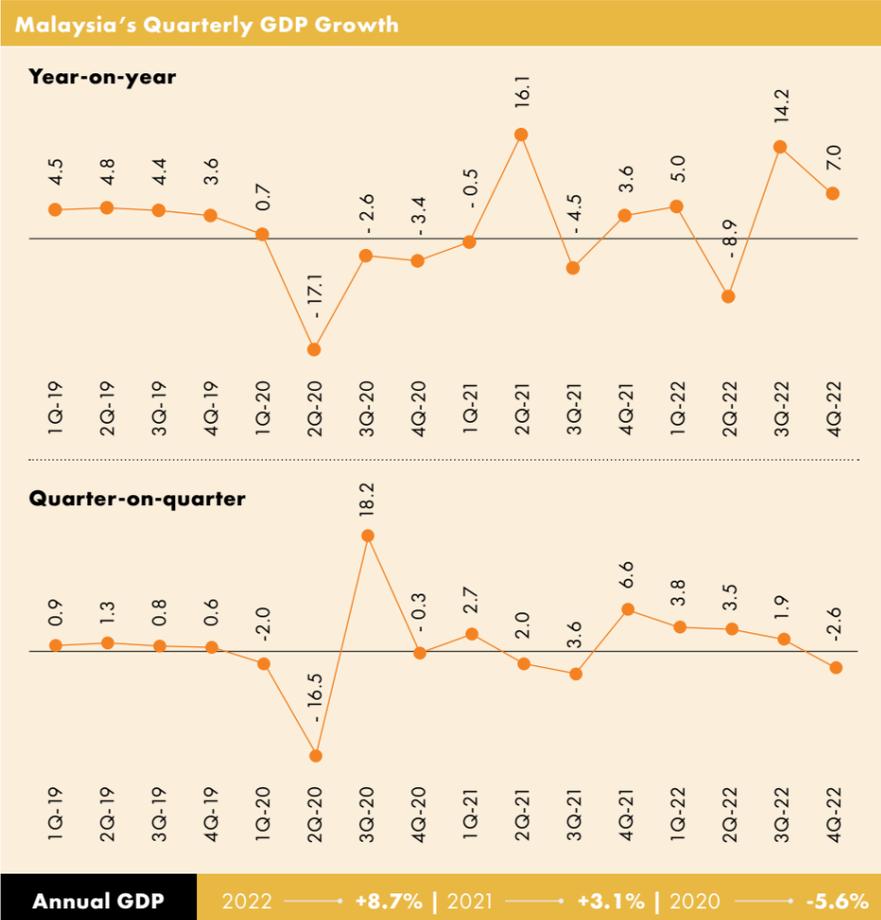
Note:
1. Sales volume excludes sales of molasses

Market Landscape



With the world moving out of pandemic-induced lockdowns and into endemicity in 2022, demand for sugar steadily returned to normal.

However, rallying energy markets, tight sugar availability and logistical issues from the fallout of the Russia-Ukraine conflict led to a surge in raw and refined sugar prices across the world. All these made the business environment on both the domestic and international fronts in FY2022/FY2023 challenging.



Moving into FY2023, although the pandemic is expected to be less of a threat, economic growth is likely to moderate as a result of the tighter monetary policies in place globally as countries seek to tame inflationary pressures. While there remains a risk of a global recession, in Malaysia, robust domestic demand is expected to steer the country to moderate growth following its strong performance in 2022.

Market Landscape

FY2022/FY2023 Sugar Overview

Raw sugar prices in FY2022 trended higher, ranging between 17.20 and 21.18 US cents per pound. The high prices were mainly the result of the Russia and Ukraine conflict that was threatening further disruptions to already stretched supply chains and driving global energy prices to levels unseen in more than a decade. This incentivised mills in Brazil to produce more ethanol instead of sugar, which created more tightness in the market. Global production was estimated to increase by 2.8 million tonnes to 183.2 million tonnes in FY2022/FY2023.

Moving on to 2023, there are reports in India that this year's cane crop might not be as good as first anticipated. The Indian government is unlikely to authorise more sugar exports until it is more certain of the crop size. This means the 6.1 million tonnes of exports that it has already allowed and that have been fully taken up will not be increased for some time. This will result in less sugar availability in the short term which means the price outlook is bullish for at least the first half of 2023 until the size of this year's cane crop in Central South Brazil is determined. Sugar consumption in 2023 should continue to grow at least in line with global population growth, at above 1% a year.



Brazil

Brazil's production is estimated to increase by 2.6 million tonnes to 38.1 million tonnes as higher sugarcane yields due to favourable weather are expected to result in additional sugarcane available for crushing. Harvested area is lowered as marginal sugarcane areas switch to soybeans and corn. The sugar/ethanol production mix is expected to be unchanged relative to the previous season at 45% sugar and 55% ethanol as producers are likely to keep focusing on sugar production.



India

India's production is estimated to decline by 3% to 35.8 million tonnes on lower sugar yields from sugarcane. Consumption is anticipated to be unchanged while imports rebound. Exports are expected to drop by 20% after record exports the year before but remain the second-highest ever.



Thailand

Thailand's production is forecast to increase by 343,000 tonnes to 10.5 million tonnes. Consumption is expected to rise in line with anticipated economic recovery. Exports are forecast to increase due to larger exportable supplies, while stocks are expected to drop sharply following strong exports.



European Union

European Union production is estimated to decline by 329,000 tonnes to 16.2 million tonnes as farmers have reduced sugarbeet plantings in favour of more profitable crops like corn and sunflower. Consumption and imports are unchanged while exports and stocks are reduced with the lower available supplies.



China

China's production has increased by 400,000 tonnes to 10.0 million tonnes with rising cane sugar and beet sugar production. Consumption is estimated to rise on the assumption that COVID-related restrictions will ease. Imports are down as high world sugar prices encourage the drawdown of stocks.

Note: Source for international reports: USDA

FY2022/FY2023 Natural Gas Overview

Distribution segment



The average natural gas selling price for FY2022 was RM47.71 per million British Thermal Units (MMBtu), compared to RM29.19 per MMBtu for FY2021, which translates to a 63% increase. Natural gas makes up about 40% of refining costs and poses an upside risk in FY2023, especially with the price of natural gas at RM67.16 per MMBtu in the first quarter of 2023.

The United States Energy Information Administration lowered its 2023 natural gas Henry Hub price, which is the benchmark for the entire North American natural gas market and parts of the global liquid natural gas (LNG) market, by 30.5%, according to its latest Short-Term Energy Outlook (STEO). MSM hopes that this will translate to a lower average natural gas selling price. However, as a mitigation strategy, the business will continue embarking on the hedging of Brent-linked derivatives.



Value for Stakeholders

Maintaining good relationships and rapport with our stakeholders has been the foundation of our turnaround success. Throughout the challenging year, alternative channels were harnessed to ensure continued engagement to gather feedback as and when personal interactions were not viable. By listening to our stakeholders, we are able to gather invaluable inputs to shape our risk management and decision-making processes for business operations.

The following table highlights our various engagement platforms with diverse stakeholders and links issues raised to the relevant material matters of the year. Our Consumers & Customers head the listing as they are placed as our top priority.

CONSUMERS AND CUSTOMERS	
<p>Description</p> <p>We are reliant on customers to sustain our revenue generation and growth.</p>	
<p>Stakeholder Expectations</p> <ul style="list-style-type: none"> Convenient, continuous and safe access to products and services during unprecedented conditions Excellent customer service Long-term security of supply Consistent supply and quality of products Competitive pricing Improved manufacturing capability 	<p>Engagement Platforms</p> <ul style="list-style-type: none"> Online communications (emails, corporate website, social media) Sales representatives Branding campaigns Customer complaint response form Event and engagement sessions <p>Relevant Material Matters</p> <p>M1 M4 M5 M11</p> <p>M12</p> <p>Impact to Capitals</p>
<p>Response to These Expectations</p> <ul style="list-style-type: none"> Ensured ample supply of sugar is readily available for local consumers Developed new products Increased customer satisfaction by improving physical or digital touchpoints Enhanced processes to achieve operational excellence Consistently followed Standard Operating Procedures (SOPs) during the pandemic Key customer site visits by and engagement with GCEO 	

Value for Stakeholders

EMPLOYEES	
<p>Description</p> <p>Employees are our vital assets and the key to drive performance forward.</p>	
<p>Stakeholder Expectations</p> <ul style="list-style-type: none"> A safe, healthy and conducive workplace supported by flexible work practices Career development opportunities Competitive benefits, remuneration and welfare packages Balanced work-life environment An environment that embraces diversity and enables employees to deliver quality work output Employment security 	<p>Engagement Platforms</p> <ul style="list-style-type: none"> MSM's internal portal and emails Social and recreational activities Regular employee meetings, engagement events and programmes Onboarding programmes <p>Relevant Material Matters</p> <p>M1 M3 M8 M10</p> <p>M13 M15</p> <p>Impact to Capitals</p>
<p>Response to These Expectations</p> <ul style="list-style-type: none"> Improved delegation of tasks and supported the needs of employees to enhance their performance Benchmarked pay structure against industry standards Continued to invest in employees' training and development Prioritised health and safety programmes Renewed and signed the 17th Collective Bargaining Agreement with a trade union in MSM Prai Engaged with employees via townhalls, the intranet and newsletters Conducted management dialogues with employees and union representatives Organised recreational events and sports activities Supported the employment of youths through the Prodigy Programme Provided support and financial aid for employees in need 	



Value for Stakeholders

SHAREHOLDERS AND INVESTMENT COMMUNITY

Description

Provide constant communication and a platform for investors and the public to receive a balanced view of MSM Group's performance and the challenges faced.

Stakeholder Expectations

- Sustainable financial returns with prudent cost management
- Responsible investments
- Integration of ESG elements in business operations
- Ethical and responsible business conduct
- Strong and experienced management
- Strategic engagements with FGV to leverage its expertise, knowledge and services
- Transparent reporting and disclosures
- Initiatives to mitigate effects of the pandemic
- Future growth for the business

Response to These Expectations

- Implemented MSM BP23 to establish a long-term plan and sustainable growth
- Realigned strategies to adapt to the uncertain market landscape due to the pandemic
- Activated a business continuity plan to provide continuous service
- Ensured transparency in corporate reporting and disclosures through various platforms
- Appointed Directors and senior management with extensive experience and knowledge
- Improved our commitment to Group-wide ESG practices
- Ensured operational compliance through audits and certifications
- Elevated our financial performance
- Refined our framework to improve governance, compliance and transparency
- Updated our progress through quarterly briefings and annual reports
- Identified opportunities to enhance value
- Organised promotional, diversity and unity campaigns to enhance media presence

Engagement Platforms

- Annual reports
- Sustainability statements
- Quarterly financial announcements
- Annual meetings
- Annual roadshows (non-deal road shows/investor conferences/corporate days)
- Quarterly analyst briefings
- Online communication (email, corporate website, social media)

Relevant Material Matters



Impact to Capitals



Value for Stakeholders

REGULATORY AGENCIES AND STATUTORY BODIES

Description

The government's regulatory framework allows us to operate within a supportive environment and infrastructure in addition to providing other means of support to sustain our growth.

Stakeholder Expectations

- Compliance with all legal and regulatory requirements
- Compliance with pricing structure
- Good corporate governance
- Transparent reporting and disclosures
- Active participation and contribution to industry and regulatory working group
- Sufficient sugar supply for the domestic market
- Compliance matters
- Environmental emissions and discharges
- Labour practices
- Healthy competition among business
- Occupational safety and health

Response to These Expectations

- Updated our systems, internal controls and processes consistently to meet compliance and risk requirements
- Ensured effective compliance, risk management and governance to meet regulatory requirements
- Provided timely and transparent disclosures and reporting to regulatory agencies and statutory bodies
- Discussed issues such as issuance of Approved Permit (AP) and sugar smuggling
- Ensured continuous engagement, dialogue and briefings to improve best practices
- Optimised business framework to meet regulatory requirements
- Executed initiatives that promote the United Nations Sustainable Development Goals (UN SDGs)
- Enhanced governance, compliance and transparency framework

Engagement Platforms

- Regular updates, disclosures and reporting to regulators
- Regulatory forums, briefings, meetings, conferences and consultation papers

Relevant Material Matters



Impact to Capitals





Value for Stakeholders

VENDORS, SUPPLIERS AND INDUSTRY PARTNERS

Description
Vendors, suppliers and industry partners provide the materials to produce the products and services needed for MSM's sustainable growth.

Stakeholder Expectations

- Convenient access to procurement systems
- Fair and equal evaluation of vendors and their proposals
- Communicate fair conditions that satisfy both suppliers and MSM's needs
- Communicate new policies, guidelines or strategies to ensure optimal performance
- Transparent reporting and disclosures to ensure smooth collaboration with potential partners

Response to These Expectations

- Established honest and open contract/tender negotiations
- Supported the business of local vendors
- Visited vendors' sites to ensure their compliance with responsible practices
- Actively engaged with vendors to improve their understanding on procedures, processes, guidelines, expectations of deliverables and quality
- Conducted integrity assessments

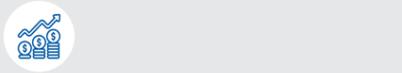
Engagement Platforms

- Online communications (emails, corporate website, social media)
- Vendor site visits
- Vendor evaluation form
- E-Procurement system
- Formal and informal engagements

Relevant Material Matters

M1 M2 M3 M4
M5 M9 M10 M11
M12

Impact to Capitals



Value for Stakeholders

MEDIA, NON-GOVERNMENTAL ORGANISATIONS AND COMMUNITIES

Description
Building and nurturing existing relationships with the communities where we operate allow us to contribute to the transformation of these communities through development and various corporate responsibility programmes.

Stakeholder Expectations

- Responsive and viable contribution to community interest and needs
- Support for key community developments and activities
- Sponsorship and donations
- Employment opportunities
- Socio-economic operational impact and initiatives

Response to These Expectations

- Provided opportunities for volunteerism through community activities
- Collaborated in a mangrove tree planting initiative in October with Penang's Department of Environment (DOE) and the fishermen community
- Maintained our commitment to Corporate Social Responsibilities (CSR) programmes
- Provided financial assistance through zakat and giving of alms

Engagement Platforms

- Community engagement activities
- Online communications (emails, corporate website, social media)

Relevant Material Matters

M1 M4 M9 M11

Impact to Capitals



Our Material Topics

MATERIALITY ASSESSMENT

Materiality assessment is an important part of our sustainability strategy. It helps us to identify the key sustainability issues that matter most to us and our stakeholders in order for us to grow responsibly.

In 2022, we conducted a thorough materiality assessment to engage with our stakeholders and determine the issues that would impact them and our business. The process included an online survey and an internal review, as elaborated in the infographics below:

Identify

To identify our material matters, we first assessed our existing material matters against a set of factors that would impact our business organisation and stakeholders:

Changing global and local trends

Media analysis

The direction of the sugar industry

Our strategies and internal policies

Regulatory changes

Based on the assessment, 20 material matters were identified as being relevant to us and our stakeholders. An online survey was then sent out to both internal and external stakeholders to gather their insights and opinions. The stakeholders were asked to rate the importance of each material issue. They were also asked to share their thoughts on the issues that were most important to them and to MSM.

Review

The results of the survey and the feedback received were reviewed internally to enable us to further understand the key concerns of our stakeholders.

Verify

Most material impacts on MSM were identified on a Materiality Matrix which was reviewed by our Board of Directors (BOD) and Group Chief Executive Officer (GCEO). They have validated these issues as carrying notable impacts and of high concern to our stakeholders.

Prioritise

Based on the findings, 15 material matters were prioritised and plotted against a materiality matrix. The material matters were also aligned with the relevant United Nations Sustainable Development Goals (UN SDGs). While these material matters are considered significant to our business and our stakeholders, the remaining material matters are considered emerging material issues, which could impact us and our stakeholders in the future.

Our Material Topics



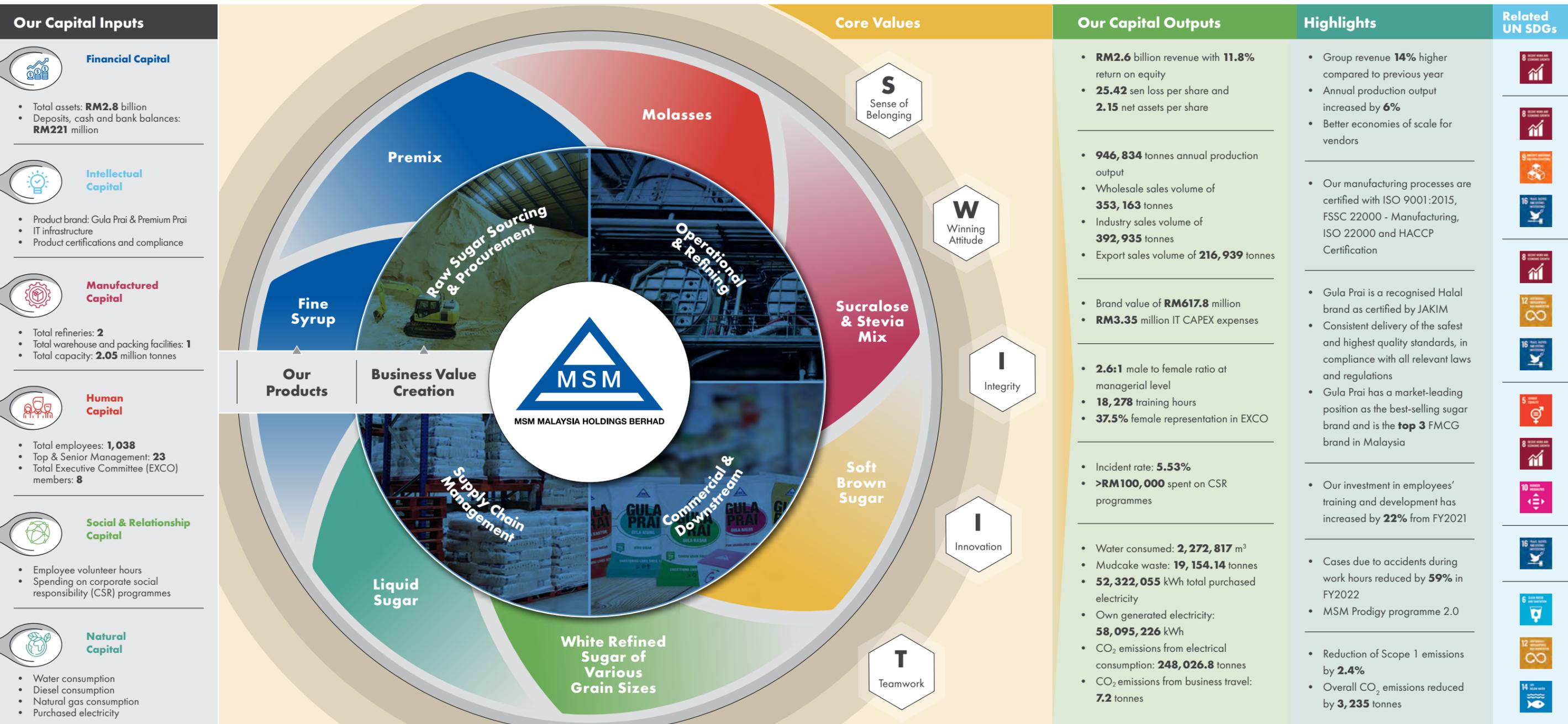
What This Means for MSM		
<p>M1 Governance, Ethics and Integrity</p> <p>Complying with regulatory requirements and good corporate governance principles to uphold integrity and ethical business conduct in the industry</p>	<p>M6 Waste Management</p> <p>Managing and reducing waste generated across our operations to minimise negative environmental impact while promoting a circular economy</p>	<p>M11 Sustainable Raw Sugar</p> <p>Demonstrating MSM's commitment to protecting the environment, labour and communities while promoting progress in operational efficiencies and best practices</p>
<p>M2 Financial Management</p> <p>Ensuring resilience in business growth to create sustainable value for stakeholders, contributing to healthy economic growth</p>	<p>M7 Operational Performance</p> <p>Adopting efficient systems to ensure smooth operational performance and contribute to sustainable business growth</p>	<p>M12 Business Development and Product Quality</p> <p>Promoting sustainable, inclusive economic growth and responsible business practices through the development of high quality, innovative and sustainable products and services</p>
<p>M3 Occupational Health & Safety</p> <p>Providing a safe and healthy working environment for our workforce, including suppliers, vendors, service providers and migrant workers</p>	<p>M8 Employee Engagement</p> <p>Listening to employees and meeting their needs without discrimination to develop an inclusive workforce and promote job satisfaction and loyalty</p>	<p>M13 Talent Management</p> <p>Investing in the learning and development of our employees to shape a high-performing workforce that is agile and future proof</p>
<p>M4 Traceability, Responsible Sourcing & Supply Chain Management</p> <p>Ensuring traceability and a responsible supply chain to demonstrate responsible consumption and production</p>	<p>M9 Economic Impact</p> <p>Ensuring sustainable business growth to contribute to decent work and economic growth</p>	<p>M14 Water Management</p> <p>Conserving water resources and minimising water consumption at our operations to reduce MSM's environmental footprint</p>
<p>M5 Data Security and Protection</p> <p>Prioritising the privacy and security of all data entrusted to us to uphold strong governance</p>	<p>M10 Upholding Human Rights and Labour Standards</p> <p>Upholding the human rights of our workforce, including the right to development, participation, a healthy environment, equal opportunities and equality</p>	<p>M15 Diversity, Equity and Inclusion</p> <p>Having zero tolerance for all forms of discrimination at the workplace by championing diversity, equity and inclusion</p>

Our Business Model

Our Business Model

VISION To be a world-class and cost-efficient organisation driven by sustainability with a diversified portfolio in the food-related business.

MISSION We strive to enhance value for shareholders through efficient, innovative and customer-centric business execution. This is further amplified by value-added downstream and regional market growth throughout the food-related value chain. We uphold our commitment to sustainability values through four lenses: sustainable value creation, better planet, positive social impact and good governance.



STRONGLY ANCHORED ON PRINCIPLES OF GOVERNANCE, CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Our Strategic Approach & Future Outlook

MSM continues to be guided by a three-year strategic Business Plan that is driven by seven Key Strategic Initiatives (KSI).

In 2022, we executed the Resilient phase of the Business Plan 2021-2023 (BP23) and moved into the Business Plan 2022-2024 (BP24). Overall, the Business Plan contains three key principles to drive the turnaround of MSM, namely optimising our assets potential, strengthening domestic position with intensified regional presence and improving capital structures.

In the year under review, the Resilient phase saw MSM striving to improve its manufacturing and sales performance, implementing better energy planning and green energy, optimising cost and capital, forging new partnerships and driving digital transformation. We have achieved a reasonable measure of success in all these initiatives. For example, we secured new sales channels in 2022, besides witnessing positive year-on-year growth of sugar sales volumes, contributed by both the Wholesale and Industry segments.

Over the longer term, although the seven KSI remain, we will be making a conscious effort in going Beyond Sugar as part of the BP24. Through further strengthening the integration with downstream value-added business, there are opportunities to unlock synergies in the consumer product and waste-to-wealth product segments. We remain positive that, through disciplined execution of our strategy, MSM will be able to successfully turn the business around.



1 Abdul Hadi Karim
Head, Corporate Strategy & Investor Relations

2 Fariza Haizumi Ahmad
Senior Manager, Corporate Strategy & Investor Relations

3 David Tai Da Wei
Assistant Manager, Corporate Strategy & Investor Relations

4 Annur Syafiqah Abd Riff
Assistant Manager, Digital Unit

5 Nurul Ain Muhammad Ramdan
Executive, Corporate Strategy & Investor Relations

6 Ameer Akarbara Mohd Rafik
Executive, Digital Unit

Business Plan 2022-2024 (BP24)

TURNAROUND THROUGH ASSET OPTIMISATION

2022 Resilient

- MSM Johor refinery repair and rectification
- MSM Prai Rejuvenation Assessment for 30-year life extension plan
- Strengthen domestic market to >62% and grow new channels: Last Mile, Small SKUs, HORECA and Health
- Export 30% of total production and 6% of APAC market share
- Step up Value Added Products (VAP), i.e. double liquid sugar capacity and initiate first premix line of sugar-cocoa
- Grow strategic partnerships regionally
- SBTi and Net Zero Carbon pledge
- Step up ESG efforts, including energy efficiency roadmap (steam efficiency, solar, etc.)
- Digitalisation and IR 4.0

2023 Integration

- Stabilisation of MSM Johor and completion of Industrial Effluent Treatment system (IETs) programme
- Sweat the assets of MSM Prai with higher UF levels
- Strengthen domestic market to >65% and widen Consumer Reach Points to >70% household penetration
- Export 30% of total production and 9% of APAC market share
- Distribution in Singapore, Philippines (Southern) and Indonesia (Kalimantan)
- Expand VAP, i.e. Premix, Fine Syrup and OEM packing
- IR 4.0 with Smart Manufacturing Phase 1 Johor, Logistics and Contracts
- Complete Beyond Sugar study with stronger synergy to achieve economies of scope

2024 Diversification

- Optimise and ramp up MSM Johor production levels
- MSM Prai Rejuvenation and completion of IETs programme
- Strengthen domestic market to >67% and widen Consumer Reach Points to >75% household penetration
- Grow exports from 12% to 15% of APAC market share
- Double Premix and mix varieties
- Optimise capital structures
- Complete Smart Manufacturing Phase 2 Johor, Phase 1 Prai and all support functions' digitalisation
- Diversify and grow synergistic downstream business and strengthen export distribution

Status of Key Strategic Initiatives under MSM BP23

The status of the seven Key Strategic Initiatives (KSI) items is summarised below:

1 Sustainable Manufacturing Performance

In Progress	50%	Achieved Higher Group production volume	Ongoing MSM Johor UF 50% (boiler rectification works)
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2 Improving Sales Performance (Value-added Products)

In Progress	75%	Achieved Higher ASP	Ongoing Higher volume (mainly affected by MSM Johor's temporary shutdown and high container costs)
-------------	------------	-------------------------------	--

3 Growing a Sustainable Operation with Better Energy Planning and Green Energy, including Managing Waste Efficiently

In Progress	75%	Achieved Finalising a Power Purchasing Agreement for solar PV systems in Prai and Sg Buloh	Ongoing Achieving higher savings from mudcake disposal
-------------	------------	--	--

4 Sales & Distribution (S&D) Cost Savings

In Progress	75%	Achieved Lower S&D cost 2022 vs 2021	Ongoing North and South distribution demarcation
-------------	------------	--	--

5 Strategic Capital Management

In Progress	75%	Achieved Raising first USD trade line	Ongoing Exploring equity funding and higher USD natural hedging
-------------	------------	---	---

6 Export via Strategic Partnerships

In Progress	75%	Achieved Engagement with international partners and improving collaborations	Ongoing Increasing export offtake arrangements
-------------	------------	--	--

7 Digital Transformation towards Industry 4.0

In Progress	100%	Achieved Developed Sales & ESG Dashboards	Ongoing Enhancing digitalisation across support functions and improvement of analytics capability, i.e. smart manufacturing
-------------	-------------	---	---

Key Risks & Mitigations

Key Risks & Mitigations

INCREASE IN INPUT COSTS

Causes and Consequences of the Risk

This risk can occur due to:

- Rising raw sugar NY11 prices
- Natural gas makes up about 40% of refining cost (8% of total production cost) and rising cost will pose an upside risk as natural gas prices have more than doubled in 2022
- Rising freight cost will further squeeze margin gains
- Increase in utility costs like electricity and water tariffs

Impact: Reduced margins and potentially lower profitability

Mitigations and Opportunities

- Hedging NY11 based on MSM's policy and budget
- Revision of selling prices upwards to maintain margins
- Hedging the rising natural gas cost with Brent-linked derivatives like options and futures contracts
- Managing freight costs by securing long-term charters
- Implementing a robust cost optimisation programme throughout MSM Group

Link to capitals:



WAREHOUSE SPACE CONSTRAINTS

Causes and Consequences of the Risk

This risk can occur due to:

- Limited internal storage

Impact: Full warehouses led to slowdown in production and increased operating cost per unit

Mitigations and Opportunities

- Additional refined sugar warehouse under construction at MSM Johor

Link to capitals:



IMPORTED LOW-QUALITY WHITE SUGAR

Causes and Consequences of the Risk

This risk can occur due to:

- Growing imports of low-quality white sugar from India

Impact: Created competition and impacted MSM's sugar sales

Mitigations and Opportunities

- Tiering MSM's high-quality sugar (refined) with lower-quality sugar (white) through different product SKUs and educating consumers on our quality, traceability, ESG efforts and the uniqueness of our Halal certification

Link to capitals:



FINANCIAL COVENANTS

Causes and Consequences of the Risk

This risk can occur due to:

- Inability to meet with the covenants imposed by lenders

Impact: Prolonged rise in input costs impede MSM's profitability and sustainability

Mitigations and Opportunities

- Close monitoring of compliance on a quarterly basis
- Continuous communications updating the lenders and negotiation of covenants
- Government intervention is needed to rationalise ceiling prices and control import permits

Link to capitals:



MSM JOHOR PERFORMANCE

Causes and Consequences of the Risk

This risk can occur due to:

- Low UF and yield in MSM Johor

Impact: Running at lower UF resulted in higher refining and production costs

Mitigations and Opportunities

- Ramping up of MSM Johor after debottlenecking of processes
- Improving domestic sales in line with export sales with Near Region strategy
- Leveraging value-added products
- Installing a new boiler for redundancy and flexibility to suit changing production levels

Link to capitals:



MALAYSIAN DOMESTIC REGULATIONS

Causes and Consequences of the Risk

This risk can occur due to:

- The domestic wholesale refined sugar price has been capped at RM2.69/kg for sugar manufacturers

Impact: Unable to pass through rising cost resulting in a negative margin for Wholesale refined sugar sales

Mitigations and Opportunities

- As raw materials and costs are bullish, Management will continue to engage with the relevant government ministries to review the current ceiling price for 1 kg and 2 kg retail packs or seek government assistance via subsidies in lieu

Link to capitals:



Group Business Review

RAW SUGAR SOURCING & PROCUREMENT

PROCUREMENT OF RAW SUGAR



2022

1,008,959 tonnes

2021

968,646 tonnes

2020

1,092,869 tonnes



NY11 RAW SUGAR PRICE



ports, as well as the Russian-Ukraine conflict. A severe drought in Thailand, a major sugar exporter, also caused reductions in planting area, yields and extraction rates, while India's move to curb sugar exports all contributed to very tight supplies of raw sugar.

Volatile currency fluctuations has also impacted MSM's purchasing power as raw sugar is priced in US Dollars (USD). The USD has strengthened against the Malaysian Ringgit (MYR) in 2022 and traded highest at RM4.795 in April 2022. Average MYR against USD in 2022 was MYR4.4003, a sharp increase from MYR4.1457 in 2021.

On the production front, the Russian-Ukraine conflict also sent global energy prices skyrocketing temporarily which impacted our production costs as both our refineries use gas to generate steam to refine raw sugar. Brent, the leading crude oil price benchmark, hit USD139.13 per barrel at its peak. As the price of gas is positively correlated with oil prices, it significantly increased our production costs.

NAVIGATING THE HIGH-COST ENVIRONMENT

Despite the generally higher prices, MSM remained more committed than ever to its strategy of always procuring raw sugar at the lowest possible price.

MSM have also explored various pricing mechanisms to better manage the volatility and to reduce exposure to pricing risk. For example, MSM entered into a long-term freight contract with Wilmar Sugar Pte. Ltd. to better manage the extremely high costs of transporting raw sugar that was heightened by the Russian-Ukraine conflict. In addition, MSM strategically continues to hedge Brent Crude Oil through options trading in order to capitalise from the increasing Brent Crude Oil prices and using the gains to offset the high gas prices that both MSM's refineries are subjected to.

OVERVIEW

The price of raw sugar has remained elevated in FY2022, with higher average prices compared to FY2021. Several factors, mainly related to tight supply, led to the benchmark NY11 to trade within a range of 17.20 - 21.18 US cents per pound in 2022 compared to a range of 14.67 - 20.69 US cents per pound in 2021.

This included COVID-19 induced supply chain disruptions which continue to hamper deliveries of goods globally, exacerbated by high freight costs and bottlenecks in major

Group Business Review

MSM's strategies regarding raw sugar pricing and implementation of hedging manoeuvres are guided by the Trading Committee. The Trading Committee is tasked with monitoring the global sugar situation together with our hedging positions as well as forex exposure to ensure the best possible outcome for the Group.

OUTLOOK

We foresee that 2023 will be yet another challenging year as rising global sugar consumption, either as food or as ethanol for biofuel, coupled with stagnant global sugar production, may cause raw sugar prices to maintain at a high level or break even higher. Nevertheless, MSM's main priority in 2023 is to continue to secure raw sugar at the lowest possible price to help maximise the Group's margin.



Group Business Review

OPERATIONAL & REFINING



OVERVIEW

2022 has been a challenging year for the Operations team as a result of both planned and unplanned shutdowns at MSM Johor. However, we believe that the worst is now behind us and we are well on our way to achieving sustained production levels at both our refineries. This year, we continued to invest significant resources to optimise all areas of our operations, working closely with a range of stakeholders to ensure greater levels of reliability and efficiency.

At the Group level, we have implemented a strategic development and deployment system in all locations to focus the team on achieving Key Performance Indicators and Key Strategic Initiatives. We have also renamed the maintenance department to the Reliability Department to embed in our employees our main objective of having a reliable refinery. In addition, in the year under review, MSM Johor obtained its ISO 45001 certification and MSM Prai obtained its ISO 14001 certification.

	Production Volume (tonne)	Raw Melted (tonne)	Capacity Utilisation (%)
2020	1,010,215	1,061,158	47
2021	895,222	933,274	44
2022	946,834	995,863	46

Group Business Review

NAVIGATING OPERATIONAL CHALLENGES

It was a difficult year for MSM Johor as the refinery's operations were disrupted by unplanned shutdowns, issues at the filtration stage of the refining process, as well as the limitation of steam supply with only one of two boilers available for most of the year.

Nevertheless, MSM Johor has continued to take these challenges in stride while also using this opportunity to further optimise our processes in anticipation of higher utilisation factor (UF) going forward. In this context, we engaged Wilmar as a consultant to optimise the overall sugar refining process at MSM Johor refinery and 40% UF with single boiler operation. In December 2022, MSM Johor recorded its highest daily melting achieved with a single boiler at 1,245MT.

MSM Prai maintained normal operations for most of the year, where it was only affected by long term repair works involving the Mechanical Vapour Recompressor that was completed in April 2022.

From a HSE perspective, there was a further reduction in Lost Time Injuries with an improvement from 22 in 2021 to 8 in 2022. We also achieved zero industrial-related fatalities groupwide, although there was one traffic-related fatality in MSM Prai in first quarter of 2022.



- 1 Hasni Ahmad**
Group Chief Operating Officer (GCOO)
- 2 Muhammad Fatih Rahimi**
Head, Operation Services
- 3 Juliana Hanim Abdul Halim**
Secretary, GCOO Office

PLANNED & UNPLANNED SHUTDOWNS IN 2022

Date	Event	Mitigation/Response
15 January 2022	Boiler #1 Breakdown	We have commenced long-term rectification activities for Boiler #1 which is expected to be completed by May 2023.
12-18 February 2022	Planned Maintenance Shutdown - Extended further to 14 March 2022 due to a defect found on Boiler #2	Defect was immediately rectified.
12-25 August 2022	Planned Maintenance Shutdown - Boiler #2 Inspection	Follow up inspection requirement by DOSH. Inspection passed and allowed for full term validity of Certificate of Fitness (CF) of 15 months.
21 September to 2 October 2022	Shutdown by the Department of Environment due to effluent discharge exceeding the prescribed limit	The issue was caused by the Industrial Effluent Treatment System (IETS) plant. This has since been rectified and an upgraded IETS plant is expected to be completed in June 2023. We also engaged a consultant and academicians to improve the IETS and our overall environmental mitigation plans.
3-12 October 2022	Steam Turbine Generator #2	Vibration issue at high speed rectified by steam turbine specialist.

OUTLOOK

Looking ahead, MSM remains committed to ensuring high levels of reliability and availability at both our refineries. For MSM Prai, the plan is to replace aging critical machinery and equipment to maintain the performance of the refinery. The rejuvenation plan for MSM Prai will be carried out over a four year duration to extend the refinery's life by an additional 30 years.

With MSM Johor, we are looking forward to the recommissioning of Boiler #1 in May 2023 as well as other upgrades and improvement programmes that are underway. This includes the upgrade of the IETS plant to ensure compliance with prescribed discharge limits and improvements to equipment reliability programmes, in addition to centralising operational maintenance plans via digitalisation. We will also be adding a new warehouse and packing house to reduce logistics costs and boosting finished goods output and installing a new Coarse Grain Sugar packing line to increase 1kg packaging capacity.

At our Sungai Buloh Warehouse, we will be installing a smart weighbridge system that will provide an automated tracking system for smooth traffic control. We will also establish a second access point to improve traffic congestion and reliability. Meanwhile, a new railway siding area is being planned to enable trains to be fully manoeuvred within MSM's grounds and to increase incoming train capacity.

Group Business Review

COMMERCIAL & DOWNSTREAM



OVERVIEW

MSM's Group Commercial Division has focused on executing the Group's 3-year strategic blueprint with 2021 being Turnaround, 2022 Resilient and 2023 Integration. As we continue to be impacted by global developments and local market challenges, we demonstrated Resilience through sound business decisions and fruitful collaborations.

In successfully navigating an unpredictable market landscape, we have established new market channels for growth while leveraging on our assets, optimising cost and maximising sales. Concurrently, we have set our goals to increase export volumes to strengthen our regional foothold.

OVERCOMING MARKET VOLATILITY

In 2022, MSM's sales performance hit a hit from prevailing persistent high input costs from the increase in raw sugar prices, freight, natural gas and the weakening of Malaysian Ringgit. In addition, other input costs such as packaging materials, wages and inland logistics have also increased significantly. These various factors that had contributed to our margin compression.

	Sales Volume			Revenue		
	2022	2021	2020	2022	2021	2020
Wholesale	353,163 tonnes	327,823 tonnes	295,578 tonnes	RM952 million	RM842 million	RM738 million
Industry	392,935 tonnes	367,825 tonnes	458,397 tonnes	RM1.06 billion	RM894 million	RM963 million
Export	216,939 tonnes	246,101 tonnes	270,628 tonnes	RM535 million	RM506 million	RM467 million

Note:
1. Sales volume and revenue exclude sales of molasses.

Group Business Review

Despite the high-cost environment, we have revised our average selling prices for the Domestic segment to ensure our margins are maintained. We have voiced out to the Government the need to revise the gazetted ceiling prices for the 1kg consumer segment to better reflect current market prices. At the moment, Malaysia has the cheapest retail prices for sugar globally at RM2.85 per kilogramme as compared to other countries. Even Brazil and Thailand, being the top global sugar producers have higher retail sugar prices.

Amid the challenges, we continued to optimise our operations by embracing digitalisation to automate certain tasks and to bring us closer to our customers.

We heavily invested in Smart Applications for better business output:

I Salesforce CRM

- Directly assist sales efficiency as the system consolidates and digitalises customer and consumer complaints into one single platform
- Availability of digital tools to manage customer relationship

II Smart Contract

- Automates contract generation for improved collaborations with speed, transparency, secured and digitise transactions

III Sales Executive Dashboard

- Summarises all sales operations and performance perimeters in segments or by SKU, into reader-friendly reports which enables us to track targeted achievements easily

IV Contract Sales Report

- Recognises live sale contracts and gives room for efficient production planning based on existing demands or by request

GROWTH THROUGH MARKET EXPANSIONS

In 2022, we recorded positive growth for Domestic segment by 7% but the Export segment decreased by 12% as part of our own efforts to mediate the volumes to cater for Domestic demands. Favourably, our Gula Prai product ranked 3rd in the Top 10 Household FMCG Brands FY2021 by leading data insights company, Kantar, in their Asia Brand Footprint 2021 report. The Gula Prai product has achieved a 68% market penetration and ranks as the third most popular consumer choice with a score of 7.

Early in the year, we secured a two-year contract worth about RM300 million from a major international beverage company, giving MSM an excellent head-start to 2022. The contract is for the supply for both its Domestic and International production.

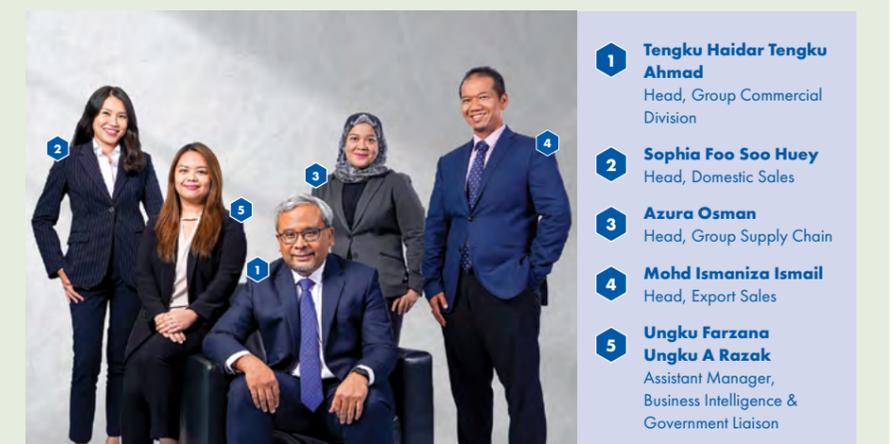
During the year, we expanded our presence through our Last Mile initiative and Hotel, Restaurant and Cafe (HoReCa) initiative. MSM secured sales through the Last Mile initiative by supplying to the largest retail outlets in Malaysia which covers around 2,293 stores nationwide which in turn increased MSM's Customer Reach Points (CRP). We are also in talks with other 24-hour retail outlets to further expand our market coverage. Also, we are expanding to neighbouring Singapore with negotiations currently taking place with our potential customers. As part of the HoReCa initiative, we relaunched our small SKU packaging, Cuppack, suitable for cafes and restaurants into the market and we are pleased to have secured our first F&B customer in Johor recently.

OUTLOOK

In the coming year, our Domestic Sales Team will focus on maintaining consistent delivery to cater to the growing Domestic demand and to improve Gula Prai's visibility at CRPs. With the expansion of 1kg/2kg packing lines at MSM Johor, we are well positioned to meet the needs of the domestic market. An additional refined sugar warehouse is also under construction, targeted for completion by the first half of 2023.

The Export segment's objective is to achieve stability in both quality and delivery, as well as to nurture customers' confidence as a key priority. This is in line with our efforts to elevate our products to a premium level. Regional collaborations are also in the pipeline to further establish our products overseas by raising our market share in Asia Pacific.

As FGV Holdings Berhad plans to diversify into the fast-moving consumer goods sector, we are working closely with them in order to expand outside our core sugar business and explore potential synergies.



- Tengku Haidar Tengku Ahmad**
Head, Group Commercial Division
- Sophia Foo Soo Huey**
Head, Domestic Sales
- Azura Osman**
Head, Group Supply Chain
- Mohd Ismaniza Ismail**
Head, Export Sales
- Ungku Farzana Ungku A Razak**
Assistant Manager, Business Intelligence & Government Liaison

Group Business Review

SUPPLY CHAIN



OVERVIEW

In the year under review, the Group Supply Chain division took significant strides to lower cost, optimise processes and drive revenue growth through the commercialisation of our logistics operations.

As a result, we have achieved significant savings, improvement in supply and started contributing revenue to the Group.

	2022	2021	2020
Sales & Distribution	RM119 /MT	RM123 /MT	RM97 /MT
On Time in Full	91%	83%	94%
Inventory Record Accuracy	99.97%	99.32%	100%
Stock Cover	6 days	9 days	20 days

Group Business Review

FOCUS ON COST OPTIMISATION

With the MSM Group navigating a high-cost environment throughout 2022, it was even more critical for all business departments to find ways to optimise cost and improve productivity. The Group Supply Chain division stepped up in this regard through the initiatives done during the year which include:

- Closure of two external warehouses in Johor which saved about RM850,000 in FY2022
- The establishment of a taskforce to reduce the and manage the use of pallets. This led to a significant decrease of 43% in rented pallets and a reduction in rental cost of about 40% per month. In 2023, this initiative is expected to bring cost savings of about RM2 million.

We have also made enhancements to our supply plan which has reduced the number of change-overs at packing facilities, therefore increasing production uptime which subsequently increased packing volume by an average of 500MT per month.

REBALANCING DISTRIBUTION AND STRIVING FOR GROWTH

In 2021, we streamlined the distribution of supply to East Malaysia by transferring the main supply point to MSM Johor from MSM Prai. This has yielded immediate benefits with sales volume to East Malaysia increasing by 4% to 65,215MT in 2022 compared to 62,540MT in 2021. While there is potential for the division to supply up to 96,000MT annually if production remains stable, MSM faced unplanned shutdowns and persistent equipment breakdowns which resulted in lower production volumes in the second half of 2022.

The highlight for growth in 2022 was the division's commercialisation of the logistics function, which has become a significant revenue and profit driver for MSM Logistics, producing a net profit of more than RM2 million in 2022. Meanwhile, efforts to introduce a customised customer distribution network is ongoing while our digitalisation initiatives were postponed to 2023 as we focused on correcting our fundamentals before embarking on the IR4.0 journey.



- | | | |
|--|---|--|
| 1 Azura Osman
Head, Group Supply Chain | 3 Noor Faridah Shujauddin
Manager, Pallet Management | 5 Mohd Helmi Mohd Kassim
Senior Executive, Group Supply Chain |
| 2 Kalashini Jayacumaran
Senior Manager, Contract Management | 4 Muhammad Fairuz Syuhaimi Musa
Senior Executive, Import Logistics | 6 Nurhafiza Ammeran
Demand and Supply Planning Lead |

OUTLOOK

Looking ahead, we will continue optimising cost and productivity, while preparing our supply chain operations for new markets, channels and customers especially with the introduction of central distribution centres in the North and Central regions. The division will also optimise supply and demand planning using a collaborative approach with all stakeholders, while striving to improve internal capabilities through a refresh of our organisation structure and role alignment.

Besides the commencement of digitalisation and IR4.0 initiatives, we will also be focused on reducing our carbon emissions with the introduction of electric vehicles, transitioning to a Euro5 diesel fleet, sourcing sustainable pallets and downsizing our packaging materials.



Sustainability Highlights

Sustainability Highlights



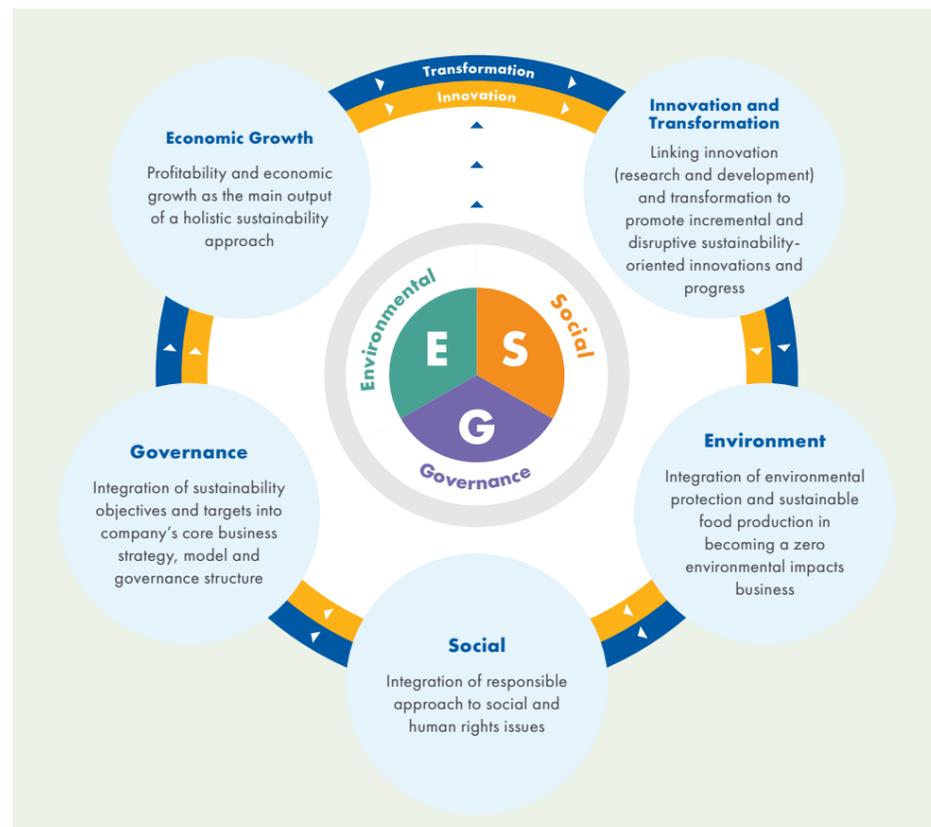
Sustainability Review

OUR SUSTAINABILITY APPROACH

Sustainability remains the cornerstone of our decision-making and business management to ensure resilient business growth and longevity.

Our sustainability approach is guided by the sustainability strategy and framework of our parent company, FGV Holdings Berhad. The strategy focuses on integrating sustainable practices into operations and business management while creating value for stakeholders and minimising adverse impacts on society and the environment.

Anchored on three key pillars – Environmental, Social & Governance (ESG), the sustainability framework addresses five focus areas which address the key elements of sustainability. They include topics related to economic growth, good governance, social and human rights, environmental impacts and sustainable production, as well as innovation and transformation.



GROUP SUSTAINABILITY POLICY

MSM is guided by the principles outlined in its Group Sustainability Policy (GSP). This policy serves as the foundation for our commitment to balancing our economic aspects with positive environmental and social outcomes, while also maintaining our strong standards of governance and ethics. The GSP was established in 2018 and is subject to biennial reviews and updates to ensure that we remain aligned with the ever-evolving ESG landscape and stakeholder demands, as well as ESG indices. The scope of the GSP covers 18 areas that address MSM's commitment to:

Meeting the requirements of all applicable legislations and regulatory rules

Engaging with stakeholders to promote sustainability practices

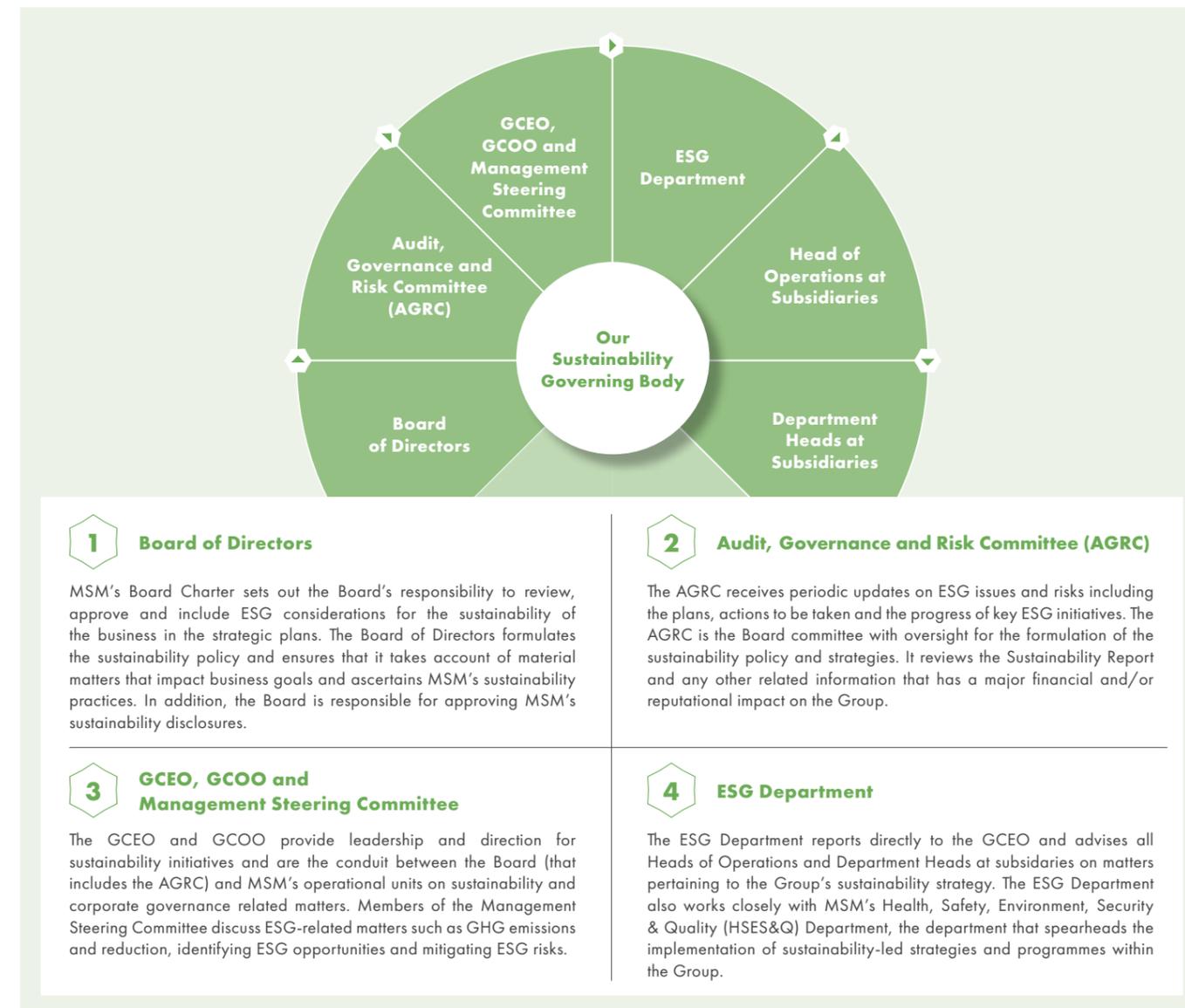
Assisting external suppliers in complying with the GSP

For more information on MSM's sustainability journey, please refer to MSM Sustainability Report 2022.

Sustainability Review

SUSTAINABILITY GOVERNANCE

Sustainability at MSM is driven from the top and cascaded down to the working level, where sustainability strategy, initiatives and programmes are rolled out and implemented to deliver on our ESG goals and targets. Our sustainability governance is led by the Board of Directors, which has oversight on sustainability-related matters including climate change risk. The Board of Directors is supported by the Audit, Governance and Risk Committee (AGRC), which receives updates from the Group Chief Executive Officer (GCEO), Group Chief Operating Officer (GCOO) and Management Steering Committee. Incorporating climate-related matters into the Board's overall responsibility is part of our effort in stepping up climate action. This includes adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate risks and opportunities associated with our business. For more information on our first TCFD disclosures, please refer to page 74 in our Sustainability Report 2022. Our sustainability governance structure and the role of each level are shown in the following illustration:





Sustainability Review



UPHOLDING GOOD GOVERNANCE & RESPONSIBLE BUSINESS

Good governance is crucial for our business as it establishes a framework of rules, procedures and structures that promote accountability, transparency and ethical behaviour. Our commitment towards governance ensures that our organisation complies with the applicable laws and regulations, internal policies and procedures and enables us to identify and manage risks, including financial, operational and reputational risks. We strive to embed a culture of integrity across our supply chain and as such, all of our employees and suppliers are required to emulate our approach and practices to keep our business sustainable.

MATERIAL MATTER	APPROACH	INITIATIVES
Governance, Ethics & Integrity	Good governance, ethics and integrity are the cornerstones of our business management and operations, including our business activities in our supply chain. We are guided by MSM's Sustainability Policy, which merges holistic approaches with our business strategies. Our decisionmaking processes are guided by the Malaysian Code on Corporate Governance 2021 (MCCG 2021), in compliance with Bursa Malaysia's provisions of sustainability disclosures and reporting.	<ul style="list-style-type: none"> Established a Risk Committee led by our C-Suite to enhance our governance. Established an approved six (6) new governance policies. Included an additional feedback channel to encourage whistleblowing. Our Anti-Bribery Policy Statement addresses seven specific policies and codes including the CoBCE, the Asset/Personal Interest Declaration Policy (APID), the Whistleblowing Policy, the Referral Policy, the Conflict of Interest Policy, the Sponsorships and Donations Policy and the External Gift, Entertainment and Hospitality Policy (GEH).
Financial Performance	MSM is committed towards its compliance to financial regulations, laws and accounting standards to ensure that its financial performance meets the mandated regulations to prevent penalties and legal ramifications.	<ul style="list-style-type: none"> Improved ASPs, lowered costs and improved domestic sales volume by expanding new channels and increasing Consumer Reach Points. Recorded a loss before tax of RM179 million.
Traceability, Responsible Sourcing & Supply Chain Management	MSM is governed by its Group Procurement Policy. Our vendors are registered through a central system managed by the Group Procurement of our parent company, FGV. All our business partners and vendors are assessed and monitored through a vendor evaluation process.	<ul style="list-style-type: none"> Invested RM293 million in local procurement. Implemented our Supplier Selection Process and Contracting Process. To further improve our sustainable supply chain through procurement initiatives.
Sustainable Raw Sugar	MSM acknowledges the importance of responsible sourcing and will always champion sustainable sourcing. We comply with our Group Trading Policy and Standard Operating Procedure under the Raw Sugar Frame Supply Contract.	<ul style="list-style-type: none"> Entered into an agreement with Wilmar Sugar Pte Ltd (Wilmar) to advocate for a sustainable supply chain. The agreement allows MSM to be part of Wilmar's No Deforestation and No People Exploitation (NDPE) Policy's sustainable sugar programme.
Data Security & Protection	The Group is in compliance with the Personal Data Protection Act (PDPA) 2010, which ensures it manages all data safely and responsibly.	<ul style="list-style-type: none"> Incorporating network protection and security into our IT systems, such as firewalls, antivirus software, security updates and, intrusion detection and prevention. Rolling out Cybersecurity Assessment as part of IT communication resources. Implementing cybersecurity awareness through training programmes to all employees.

Sustainability Review

MATERIAL MATTER	APPROACH	INITIATIVES
Operational Performance	MSM's operational performance aims to meet the needs of its local and international markets. We make every effort to ensure that our plants are safe, reliable and is capable of producing quality products, along with integrating digitalisation and prioritising sustainability.	<ul style="list-style-type: none"> Conducted scheduled maintenance and upgrades throughout the year to enhance the efficiency and reliability of our plants. Increased operational performance via MSM Johor participation in a ramp-up programme. Extended the operational lifespan of MSM Prai through a rejuvenation life extension programme.
Economic Impact	Our business activities benefit all our stakeholders and drive the nation's economy. We strive to expand our market share while maintaining the highest quality in our products and services to achieve sustainable economic excellence.	<ul style="list-style-type: none"> Increased total revenue to RM2.6 billion in comparison to the previous year Implemented the dynamic Business Plan 2021-2023 (BP23) blueprint's Resilient strategy which drove our ASPs, sales and new partnerships. Penetrated new markets in the HoReCa segment and retail chains.
Business Development & Product Quality	MSM remains guided by our Food Safety Policy, Halal Policy and other relevant laws and regulations.	<ul style="list-style-type: none"> Audited MSM Prai and MSM Johor to ensure full compliance to its existing certifications. Ensured that our products are Halal-certified and Kosher-certified to meet the needs of our overseas markets. zero noncompliances with the regulations and standards on the health and safety of our products.
Community Engagement & Development	The Group's efforts to uphold the community are guided by MSM's Sponsorship and Donations which focuses on humanity, economy, environment and people.	<ul style="list-style-type: none"> Organised Warga MSM Johor's Beach Clean-up, MSM Prai's Mangrove Planting Programme and MSM's "Janji...Gula Peket Hijau" Advertising Campaign. Invested RM134,341.55 in sponsorships and donations, and RM509,042 in Zakat and Wakalah contributions.



Sustainability Review

Sustainability Review



PUTTING OUR PEOPLE FIRST



We highly acknowledge that our people are our best assets as they contribute skills, knowledge and experience that are crucial for our sustainable growth. The safety and well-being of our employees is vital in ensuring talent retention as we seek to create sustainable value. As such, we invest in workplace health and safety, and the learning and development of our people. We also strive to inculcate diversity, equity and inclusion across our operations. We are committed to always putting our people first, ensuring that we prosper together.

MATERIAL MATTER	APPROACH	INITIATIVES
Occupational Health & Safety	MSM prioritises a safe and healthy workplace to prevent work-related injuries and illnesses. We implement best practices in occupational health and safety, regularly conduct safety audits, and monitor safety indicators. We acknowledge our responsibility in identifying, managing, and mitigating risks, and enforcing safety practices outlined in our HSE Policy. Additionally, our implemented risk management tools and training programmes enhance our existing procedures and practices.	<ul style="list-style-type: none"> Established HSES & Quality (HSES &Q) department to oversee safety and health matters across all of our locations. Encouraged the reporting, identification and elimination of work-related hazards through our comprehensive framework. Increased employees' awareness on OHS by establishing ways to communicate through suitable platforms where our workers can also provide feedback and solutions. Conducted audits and certification of our H&S performance by an external party for check and balance. Inculcated a safety culture through HSE Training & Awareness for our employees and contractors, in line with regulatory requirements and to increase knowledge. We advocate for the prevention of workplace injuries by providing a safe and healthy working environment for our employees and contractors. Up-to-date awareness programmes and training have raised awareness and instilled a culture of safety in our organisation.

MATERIAL MATTER	APPROACH	INITIATIVES
Employee Engagement	MSM is aware of the importance of keeping employees engaged to identify and meet their needs, retain talent, and ensure their well-being as regular engagement fosters a sense of shared purpose leading to higher productivity of our Keluarga MSM. We engage with our employees through various initiatives such as town hall meetings, performance reviews, and sports activities to create a supportive and fulfilling work environment for all members.	<ul style="list-style-type: none"> Focused on employee welfare and benefits to support unprecedented impacts from the pandemic. Provided flexible working arrangements, where 30 percent of our administrative employees continued to work from home. Upgraded our medical insurance benefit to provide better coverage. Delivered food baskets to employees undergoing home quarantine. Supported employees' needs such as back-to-school aid for low-income employees and family care for deceased families. Organised employee awards, townhalls, festivities and other development programmes.
Upholding Human Rights & Labour Standards	MSM recognises the importance of human rights as a fundamental principle that guides its business conduct. We respect and protect the rights of our diverse workforce in every aspect of our business including our operations and supply chain. We are guided by international human rights principles and comply with labour standards established by national laws and international treaties.	<ul style="list-style-type: none"> Established labour standards and best practices by integrating human rights concerns into our manuals, policies and practices. Supported the rights of employees and workers to form associations of their own choice independently through the Trade Union.
Talent Management	MSM believes that effective talent management leads to increased productivity, better decision-making, and higher employee satisfaction. We regularly evaluate our recruitment, promotion, and compensation guidelines to ensure competitiveness with industry standards. MSM's Recruitment Policy attracts top talent and selects the most suitable candidates while our Learning and Development Policy aims to enhance employees' skills and knowledge, encouraging them to grow as professionals and develop into future leaders within their departments.	<ul style="list-style-type: none"> Provided training including courses for specific technical areas and job efficiency and productivity. Created various platforms to meet individual training needs such as online learning. Initiated the staff mobility programme focused on employee training and development. Introduced Graduate Management Trainee Programme. Provided Onboarding Training for new-employee orientation. The Prodigy programme is an MSM initiative to give back to the community.
Diversity, Equity & Inclusion	MSM is committed to creating a safe and inclusive environment that is free from discrimination and harassment. Through our Employee Handbook which gives clear guidelines on our HR policies, MSM strives to attract and retain the best talent from various backgrounds to shape a productive and high-performing workforce.	<ul style="list-style-type: none"> Drafted MSM's Diversity, Equity & Inclusion (DEI) Policy. Established various feedback channels and platforms for employees to provide their opinion or to whistleblow. Committed to working on balancing gender diversity at the executive level onwards. Became one of the signatories of Women's Empowerment Principles by UN Women.



Sustainability Review

Sustainability Review



OPTIMISING ENVIRONMENTAL PERFORMANCE



We strive to minimise the negative environmental impacts of our operations to grow responsibly and preserve our planet for the future generations. In responding to global calls for immediate climate action, we are stepping up our efforts to combat climate change and build climate resilience to future proof our Company. We are committed to achieving carbon neutrality and supporting the nation's transition to low-carbon economy. We will continue to explore alternative energy resources and invest in R&D to promote circular economy to protect our natural resources.

MSM has declared its commitment towards Science-Based Target Initiatives and Net-Zero, to cut GHG emissions by 45% by FY2030. We also aim to reduce cost and lessen our carbon footprint by ensuring that our energy management plans include identifying other sources of energy to boost the production efficiencies of our operations.

Science-Based Target Initiatives and Net-Zero

In FY2022, we became the second food-based company in Malaysia to commit to the Science-Based Targets initiatives (SBTi), a collaborative effort involving the United Nations Global Compact (UNGC) Malaysia & Brunei and Net Zero Ambition initiative. We expect our science-based emissions reduction targets to be ready by next year.

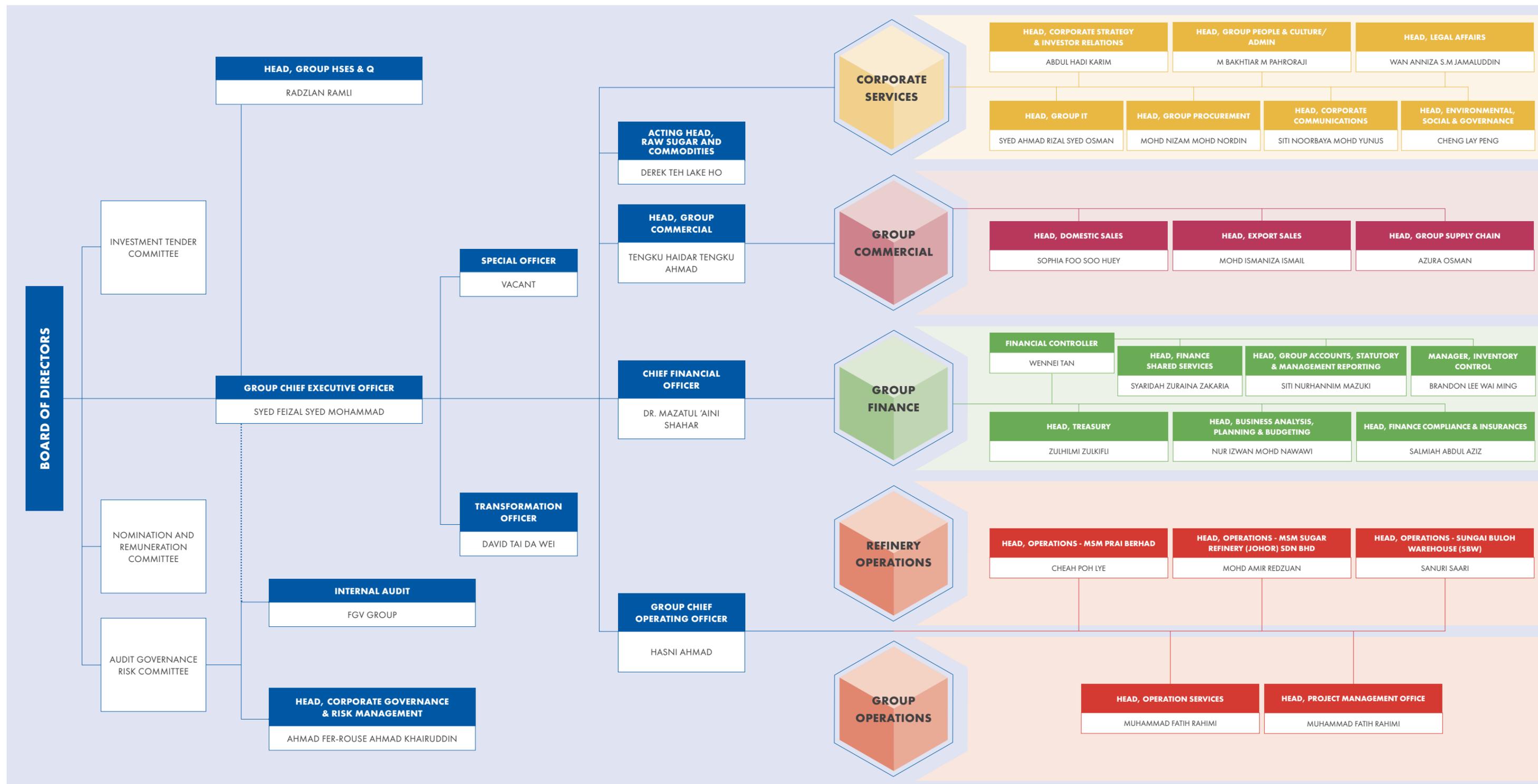
Task Force on Climate-related Financial Disclosures

To bolster our climate risk mitigation, we adopted the TCFD recommendations to identify our climate-related risks and opportunities. The Board has oversight of climate-related matters and has ultimate decision-making authority over climate-related considerations, risks and opportunities. The Board is also supported by the Management Steering Committee, which tracks climate-related projects aimed at reducing emissions or finding new ways to minimise our environmental impacts.

MATERIAL MATTER	APPROACH	INITIATIVES
Waste Management	We are guided by the Group Sustainable Policy and Environmental Policy to ensure efficient waste management. All our waste management practices comply with the Environmental Quality (Scheduled Waste) Regulations 2005 (Scheduled Waste Regulations 2005).	<ul style="list-style-type: none"> A decrease of 33.8% in the amount of hazardous waste generated. All hazardous (scheduled) waste generated in MSM is managed in a responsible manner in terms of generation, storage, transportation and disposal. Launched 3R: Reduce, Reuse and Recycle Programme to reduce environmental and operational impacts.
Climate Action	We aim to achieve carbon neutrality and be Net Zero by 2050. We support Malaysia's Nationally Determined Contribution (NDC) to the Paris Agreement to reduce greenhouse gas (GHG) emissions by 45% by FY2030.	<ul style="list-style-type: none"> Became the second food-based company in Malaysia to commit to SBTi and Net Zero. Adopted the TCFD to identify our climate-related risks and opportunities. Reduced GHG emissions by 3,235 tCO₂e compared to FY2021
Water Management	We are guided by the Group Sustainable Policy and Environmental Policy to ensure efficient water consumption and improve wastewater treatment capacity.	<ul style="list-style-type: none"> Reduced effluent discharge by 17% compared to FY2021. Upgraded MSM Johor's wastewater treatment plant (WWTP), which is expected to complete by June 2023.
Renewable Energy & Energy Management	We strive to reduce environmental footprint by optimising energy consumption and generating own electricity where possible. We are currently exploring the possibility of using more renewable energy from various sources to reduce our carbon footprint.	<ul style="list-style-type: none"> MSM has planned to develop Sustainable Energy Management System (SEMS) by 2024 and apply to obtain Energy Management Gold Standard 1-star rating awarded by ASEAN Energy Management Scheme (AEMAS). Planned to install solar photovoltaic (PV) system at both MSM Prai and SBW by the end of 2023. Initiated optimised utilisation of steam in MSM Johor to increase boiler efficiency.

Our Organisational Structure

Our Organisational Structure



Our Board at a Glance



DATUK SYED HISHAM SYED WAZIR
Chairman
Independent Non-Executive Director



DATO' MUTHANNA ABDULLAH
Independent Non-Executive Director



CHOY KHAI CHOON
Independent Non-Executive Director

A FOCUSED BOARD



NIK FAZILA NIK MOHAMED SHIHABUDDIN
Non-Independent Non-Executive Director



RAJA FARIDAH RAJA AHMAD
Non-Independent Non-Executive Director



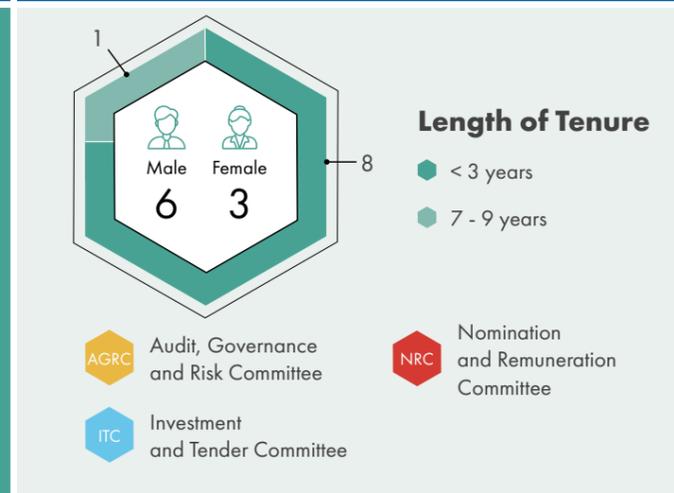
DATUK DR ABD HAPIZ ABDULLAH
Independent Non-Executive Director



DATO' ROSINI ABD SAMAD
Independent Non-Executive Director

BOARD OF DIRECTORS DIVERSITY

The Board is primarily responsible for MSM Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Top Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.



DATO' MOHD NAZRUL IZAM MANSOR
Non-Independent Non-Executive Director



FAKHRUNNIAM OTHMAN
Non-Independent Non-Executive Director

Profile of Directors

Profile of Directors



DATUK SYED HISHAM SYED WAZIR
Chairman, Independent Non-Executive Director

Age 68

Board Meeting Attendance: 13/13

Appointment to the Board: 8 May 2020	Length of Tenure as Director: < 3 years	Date of Last Re-election: 17 June 2020
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Qualification(s):

- Master in Business Administration, Ohio State University, United States of America
- Bachelor of Science in Mechanical Engineering, Plymouth University, United Kingdom
- Ordinary National Diploma in Engineering, Hastings College of Further Education, United Kingdom

Working Experience and Occupation:

- Independent Non-Executive Director, Bermaz Auto Berhad (December 2016 - present)
- Non-Executive Director, SIRIM STS Sdn Bhd (August 2019 - present)
- Non-Executive Director, SIRIM National Precision Tooling Sdn Bhd (September 2020 - present)
- Non-Executive Director, SIRIM QAS International Sdn Bhd (September 2020 - present)
- Non-Executive Chairman, SIRIM National Precision Tooling Sdn Bhd (November 2017 - October 2020)
- Non-Executive Chairman, SIRIM QAS International Sdn Bhd (July 2017 - October 2020)
- Director, SIRIM Berhad (July 2017 - August 2019)
- Group Managing Director, Puncak Niaga Holdings Berhad (November 2015 - July 2017)
- President & Group Chief Executive Officer, UMW Holdings Berhad (October 2010 - October 2015)
- Director, UMW Oil & Gas Corporation Berhad (2010 - September 2015)
- Director, UMW Equipment Sdn Bhd (2010 - September 2015)
- Director, UMW M&E Sdn Bhd (2010 - September 2015)
- Director, UMW Toyota Motor Sdn Bhd (2010 - September 2015)
- Director, KYB-UMW Malaysia Sdn Bhd (2010 - September 2015)

- Director, PERODUA Sales Sdn Bhd (2010 - September 2015)
- Director, PERODUA Manufacturing Sdn Bhd (2010 - September 2015)
- Director, PERODUA Engine Manufacturing Sdn Bhd (2010 - September 2015)
- Director, Toyota Capital Malaysia Sdn Bhd (2011 - September 2015)
- Director, UMW Technology Sdn Bhd (2013 - September 2015)
- Chief Operating Officer, Naza Kia Sdn Bhd & Naza Kia Services Sdn Bhd (November 2009 - August 2010)
- Managing Director, Edaran Otomobil Nasional Berhad (May 2005 - August 2009)
- President/Chief Operating Officer, Honda Malaysia Sdn Bhd (2003 - May 2005)
- General Manager, Marketing Division, Honda Malaysia Sdn Bhd (January 2001 - December 2002)
- General Manager, International Business, DRB-HICOM Export Corporations Sdn Bhd (April 1998 - December 2000)
- Director, Proton Cars (UK) Pte Ltd (1997 - 1998)
- General Manager, Proton Corporations Sdn Bhd (1995 - March 1998)

Directorship of Public Companies (if any):

- Bermaz Auto Berhad



CHOY KHAI CHOON
Independent Non-Executive Director

Age 65

ITC 12/12

AGRC 15/15

Board Meeting Attendance: 13/13

Appointment to the Board: 8 May 2020	Length of Tenure as Director: < 3 years	Date of Last Re-election: 8 June 2022
--	---	---

Board Committee Membership:

- Chairman of Audit, Governance and Risk Committee
- Member of Investment and Tender Committee

Qualification(s):

- Professional Qualification in Accounting, Australian CPA
- Professional Qualification in Accounting, The Malaysian Institute of Accountants
- Professional Qualification in General Management, INSEAD Europe Campus, France
- Master in Business Administration, Oklahoma University, United States of America
- Bachelor Degree in Commerce, University of New South Wales, Australia

Working Experience and Occupation:

- Non-Independent Non-Executive Chairman, Kenanga Investors Berhad (April 2023 - present)
- Non-Independent Non-Executive Director, Kenanga Investment Bank Berhad (December 2021 - present)
- Chairman, Zurich General Insurance Malaysia Berhad (January 2021 - present)
- Member of Labuan Financial Services Authority (Labuan FSA) (November 2020 - present)
- Independent Director, Hap Seng Plantations Holdings Berhad (November 2017 - present)
- Independent Director, Bond & Sukuk Information Platform Sendirian Berhad (November 2017 - present)
- Independent Director, Asian Banking School Sendirian Berhad (December 2015 - present)
- Chairman of the Board, Zurich Life Insurance Malaysia Berhad (September 2013 - present)
- Public Interest Director, Federation of Investment Managers Malaysia (September 2019 - June 2022)

- Senior Independent Director and Board Audit Committee Chairman, Malaysia Marine and Heavy Engineering Berhad (February 2013 - April 2022)
- Deputy Chairman of the Board, Chairman of Audit Committee and Nomination & Remuneration Committee, Deutsche Bank Malaysia Berhad (June 2012 - June 2021)
- Nomination & Remuneration Committee Chairman, Zurich General Insurance Malaysia Berhad (August 2019 - December 2020)
- Audit Committee Chairman, RAM Rating Services Malaysia Berhad (August 2013 - June 2020)
- President/Chief Executive Officer, Cagamas Berhad (April 2006 - March 2012)
- Senior General Manager, Group Head, RHB Banking Group (2003 - 2006)
- Chief Executive Officer, Morley Fund Management Ltd, Singapore (2001 - 2002)
- Regional Finance & Planning Director, Asia, Aviva Insurance Asia (1998 - 2001)
- Commercial Union Assurance Berhad (1995 - 1998)
- Credit Corporation Malaysia Berhad (CCMB) (1984 - 1995)

Directorship of Public Companies (if any):

- Zurich Life Insurance Malaysia Berhad
- Zurich General Insurance Malaysia Berhad
- Hap Seng Plantations Holdings Berhad
- Kenanga Investment Bank Berhad
- Kenanga Investors Berhad

Profile of Directors



Age 63

Board Meeting Attendance: 10/13

DATO' MUTHANNA ABDULLAH
Independent Non-Executive Director

NRC 8/8 | AGRC 14/15

Appointment to the Board: 8 May 2020	Length of Tenure as Director: < 3 years	Date of Last Re-election: 8 June 2022
--	---	---

Board Committee Membership:

- Chairman of Nomination and Remuneration Committee
- Member of Audit, Governance and Risk Committee

Qualification(s):

- Advocate & Solicitor (High Court of Malaya)
- Barrister-at-Law (Middle Temple, England)

Working Experience and Occupation:

- Consultant, Abdullah Chan & Co (Advocates & Solicitors) (2019 - present)
- Partner, Abdullah Chan & Co (Advocates & Solicitors) (2012 - 2018)
- Partner, Lee Hishammuddin Allen & Gledhill (Advocates & Solicitors) (2001 - 2012)
- Partner, Abdullah A. Rahman & Co (Advocates & Solicitors) (1985 - 2001)

Trusteeships of Foundations

- Yayasan Siti Sapura
- Habitat Foundation

Societies

- President, Bukit Tunku Residents Association
- Board Member, Malaysia Aerospace Industry Association
- Board Member, Kuala Lumpur Business Club

Others

- Honorary Consul, Republic of San Marino in Kuala Lumpur
- Avocat Au Con fiance, Embassy of Switzerland Malaysia

Directorship of Public Companies (if any):

- IHH Healthcare Berhad
- MSIG Insurance Malaysia Berhad (MSIG)
- Malaysian Life Reinsurance Group Berhad (MLRe)

Profile of Directors



Age 64

Board Meeting Attendance: 13/13

DATUK DR ABD HAPIZ ABDULLAH
Independent Non-Executive Director

AGRC - | NRC 8/8 | ITC 11/12

Appointment to the Board: 8 May 2020	Length of Tenure as Director: < 3 years	Date of Last Re-election: 17 June 2020
--	---	--

Board Committee Membership:

- Chairman of Investment and Tender Committee
- Member of Nomination and Remuneration Committee
- Member of Audit, Governance and Risk Committee

Qualification(s):

- Bachelor of Science (BSc) in Chemistry, University of Nevada, Reno, Nevada, United States of America
- Doctor of Philosophy (PhD) in Organic Chemistry, Utah State University, Logan, Utah, United States of America

Working Experience and Occupation:

- Independent Non-Executive Director (INED), Perdana Petroleum Berhad (April 2015 - present)
- INED, Ancom Nylex Berhad (May 2020 - present)
- INED, P2 Science Inc, USA (February 2016 - present)
- Chairman, Chemical Industry Council of Malaysia (CICM) (June 2010 - present)
- Venture Partner, Xeraya Capital (February 2015 - present)
- President/Chief Executive Officer, Petronas Chemicals Group Berhad (May 2011 - May 2014)
- Managing Director, Dupont Malaysia Sdn Bhd & Asia Pacific Regional Director Dupont Glass Laminated Solutions Asia Pacific (April 1995 - May 2011)
- Regional Marketing Manager, Dow Chemical Polyolefins Asia Pacific (January 1985 - April 1995)
- Chemistry Lecturer, University Malaya (1984)

Profile of Directors



Age
68





DATO' ROSINI ABD SAMAD
Independent Non-Executive Director

NRC
8/8

AGRC
15/15

Board Meeting Attendance:
13/13

Appointment to the Board: 7 January 2015	Length of Tenure as Director: 7 - 9 years	Date of Last Re-election: 17 June 2021
--	---	--

Board Committee Membership:

- Member of Audit, Governance and Risk Committee
- Member of Nomination and Remuneration Committee

- Accountant General's nominee, Council of Malaysia Institute of Accountant (MIA) (2011 - 2014)
- Deputy Accountant General (Corporate), Accountant General's Department Malaysia (2010-2014)

Qualification(s):

- Postgraduate Diploma in Accounting, University of Malaya
- Bachelor of Economics, Accounting (Hons.), University of Malaya
- Master in Business Administration, University of Cardiff, United Kingdom
- Member of the Malaysian Institute of Accountants (MIA)
- Honorary Fellow CPA Australia

Directorship of Public Companies (if any):

- Nil

Working Experience and Occupation:

- Independent Non-Executive Director, IIUM Holdings Sdn Bhd (2015 - August 2021)
- Audit Committee Chairman, IIUM Holdings Sdn Bhd (2016 - August 2021)
- Member of Nomination and Remuneration Committee, IIUM Holdings Sdn Bhd (2016 - August 2021)
- Remedial Grievances and Disciplinary Committee, IIUM Holdings Sdn Bhd (2016 - August 2021)
- Member of the Disciplinary Committee, Percetakan Nasional Malaysia Berhad (2008 - 2014)
- Member of the Tender Committee, Percetakan Nasional Malaysia Berhad (2010 - 2014)
- Member of the Nomination and Remuneration Committee, Percetakan Nasional Malaysia Berhad (2008 - 2014)
- Chairman of the Audit Committee, Percetakan Nasional Malaysia Berhad (2008 - 2014)
- Board Member, Percetakan Nasional Malaysia Berhad (2007 - 2014)

Profile of Directors



Age
56





NIK FAZILA NIK MOHAMED SHIHABUDDIN
Non-Independent Non-Executive Director

NRC
8/8

Board Meeting Attendance:
13/13

Appointment to the Board: 18 October 2021	Length of Tenure as Director: < 3 years	Date of Last Re-election: 8 June 2022
---	---	---

Board Committee Membership:

- Member of Nomination and Remuneration Committee

Directorship of Public Companies (if any):

- FGV Holdings Berhad
- MBM Resources Berhad

Qualification(s):

- Chartered Accountant, Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Bachelor of Economics (Accounting), Flinders University of South Australia, Adelaide, Australia

Working Experience and Occupation:

- Independent Non-Executive Director, MBM Resources Berhad (January 2023 - present)
- Independent Non-Executive Director, FGV Holdings Berhad (July 2021 - present)
- Group Managing Director, Chemical Company of Malaysia Berhad (December 2017 - December 2021)
- Group Chief Financial Officer, Chemical Company of Malaysia Berhad (March 2012 - December 2017)
- Chief Financial Officer, Biotropics Malaysia Berhad (April 2007 - March 2012)
- Chief Financial Officer, UDA Holdings Berhad (April 2006 - March 2007)
- Group General Manager, Group Finance Division, KUB Malaysia Berhad (January 2001 - March 2006)
- General Manager, Corporate Audit Division, Sapura Telecommunications Berhad (August 1998 - December 2000)
- Senior Manager, Audit & Business Advisory, Price Waterhouse (February 1988 - August 1998)

Profile of Directors



Age 59

NRC

Board Meeting Attendance: 2/3

RAJA FARIDAH RAJA AHMAD
Non-Independent Non-Executive Director

Appointment to the Board: 28 October 2022	Length of Tenure as Director: < 3 years	Date of Last Re-election: -
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Board Committee Membership:

- Member of Nomination and Remuneration Committee

Directorship of Public Companies (if any):

- Nil

Qualification(s):

- Degree Science in Accountancy, University of East Anglia, United Kingdom
- Associate Member of the Chartered Institute of Management Accountants (CIMA)
- Member of Malaysian Institute of Accountants (MIA)

Working Experience and Occupation:

- Chairman, Koperasi Permodalan FELDA Malaysia Berhad (June 2022 - present)
- Deputy Director General - Community Development FELDA (April 2022 - present)
- Director, FIC Properties Sdn Bhd (December 2020 - present)
- Director, FIC UK Properties Sdn Bhd (December 2020 - present)
- Director, Felda Investment Corporation Sdn Bhd (October 2019 - present)
- Director, Felda Water Sdn Bhd (October 2019 - present)
- Finance Director FELDA (August 2019 - March 2022)
- Chief Financial Officer, MSM Malaysia Holdings Berhad (2017 - 2019)
- Head of Finance, Asian Plantations Limited (2015 - 2017)
- Chief Financial Officer, MSM Malaysia Holdings Berhad (2010 - 2015)
- Executive Director, Group Finance, FGV Holdings Berhad (2009 - 2010)
- Consultant (Secondment), PWC Capital Sdn Bhd (2008 - 2009)
- Senior Finance Manager, Felda Holdings Berhad Group of Companies (1993 - 2008)
- Accountant, FELDA (1991 - 1993)
- Accountant, Syarikat Kumpulan Perbadanan Kemajuan Negeri Perak (1990)

Profile of Directors



Age 47

Board Meeting Attendance: 4/4

DATO' MOHD NAZRUL IZAM MANSOR
Non-Independent Non-Executive Director

Appointment to the Board: 4 October 2022	Length of Tenure as Director: < 3 years	Date of Last Re-election: -
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Board Committee Membership:

- Nil

Directorship of Public Companies (if any):

- Nil

Qualification(s):

- Professional Qualification, a Fellow Certified Practising Accountant of CPA Australia
- Professional Qualification, Chartered Accountant and a Member of the Malaysian Institute of Accountants (MIA)
- Bachelor of Commerce Degree, The University of Queensland, Brisbane, Australia

Working Experience and Occupation:

- Group Chief Executive Officer, FGV Holdings Berhad (August 2021 - present)
- Group Chief Executive Officer, FELCRA Berhad (October 2018 - August 2021)
- Managing Director, Teras Dara Konsortium Sdn Bhd (March 2018 - October 2018)
- Director of Finance, N.U.R Power Sdn Bhd (January 2013 - March 2018)
- Group Chief Financial Officer, Realmild Sdn Bhd (December 2010 - January 2013)
- Head of Structured Business, Malaysia Building Society Berhad (MBSB) (April 2009 - September 2010)
- Executive Assistant to the Chief Executive Officer, Padiberas Nasional Berhad (November 2002 - August 2007)
- Senior Associate, PricewaterhouseCoopers (June 2000 - October 2002)
- Audit Assistant, Hasyudeen & Co (December 1999 - June 2000)
- Accounts Executive, RHB Unit Trust Management Berhad (1998 - 1999)

Profile of Directors



Age
55





FAKHRUNNIAM OTHMAN
Non-Independent Non-Executive Director

ITC
-

Board Meeting Attendance:
-

Appointment to the Board: 23 February 2023	Length of Tenure as Director: < 3 years	Date of Last Re-election: -
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Board Committee Membership:

- Member of Investment and Tender Committee

Qualification(s):

- Master in Business Administration (Executive), Royal Melbourne Institute of Technology (RMIT)
- Chartered Accountant with Malaysian Institute of Accountants (MIA)
- Association of Chartered Certified Accountants (ACCA), United Kingdom

Working Experience and Occupation:

- Group Divisional Director, Logistics & Support Businesses (LSB) Sector, FGV Holdings Berhad (FGV) (January 2023 - present)
- Deputy Group Divisional Director (Logistics), FGV (July 2022 - December 2022)
- Chief Investment Officer/Senior Vice President, FGV (April 2018 - June 2022)
- Acting Group Chief Executive Officer, MSM Malaysia Holdings Berhad (on secondment: September 2020 - January 2021)
- Chief Strategy Officer/Senior Vice President, FGV (May 2016 - March 2018)
- Chief Executive Officer/Vice President, FGV Transport Services Sdn Bhd

(May 2015 - April 2016)

- Chief Executive Officer/Vice President, FGV Trading Sdn Bhd (January 2014 - April 2015)
- Chief Executive Officer/Vice President, FGV Marketing Services Sdn Bhd (January 2013 - December 2013)
- Vice President/Head Corporate Finance, FGV (January 2012 - December 2012)
- Deputy Chief Financial Officer & Co Secretary, TRT Holdings, Massachusetts, United States of America (2007 - December 2011)
- General Manager/Senior General Manager, Group Finance, Felda Holdings Bhd (2004 - 2006)

- Manager, Finance and Budgeting, Felda Holdings Bhd (2000 - 2003)
- Group Accountant, MTD Capital Bhd (July 1997 - December 1999)
- Accountant, Sapura Telecommunication Bhd (February 1994 - June 1997)
- Management Trainee, Caltex Oil Malaysia Limited (January 1993 - January 1994)

Directorship of Public Companies (if any):

- Nil

Additional Information:

- None of the Directors has family relationship with any Director and/or major shareholder of MSM Malaysia Holdings Berhad.
- None of the Directors has any conflict of interest with MSM Malaysia Holdings Berhad.
- None of the Directors has
 - been convicted of any offence (other than traffic offences)
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year
- None of the Directors hold more than five directorships in listed issuers.
- The details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2022 are detailed in the Corporate Governance Overview Statement on page 101 of this Annual Integrated Report.

Profile of Company Secretary



Age
52





AZNI ARIFFIN
Company Secretary

Date of Appointment: 18 July 2022

Qualification(s):

- Licensed Secretary, Companies Commission of Malaysia
- Graduate of Institute of Chartered Secretaries and Administrators
- Advocate & Solicitor (High Court of Malaya)
- LLB (Hons), International Islamic University Malaysia

Working Experience and Occupation:

- Company Secretary, FGV Holdings Berhad and its Group of Companies (July 2022 - present)
- Company Secretary, MSM Malaysia Holdings Berhad and its Group of Companies (July 2022 - present)
- Group Company Secretary, Sapura Energy Berhad (June 2019 - March 2022)
- General Manager & Company Secretary, Secretarial & Legal Division, Malaysia Airports Holdings Berhad (January 2018 - June 2019)
- Chief Legal Counsel & Company Secretary, Proton Group of Companies (2014 - 2018)
- Head, Group Corporate Secretarial Department, Malayan Banking Berhad (2011 - 2014)
- General Manager & Company Secretary, Group Corporate Secretarial and Legal Services, Pernec Corporation Berhad (2009 - 2011)
- Senior Manager, Legal and Secretarial, Mardec Berhad (2000 - 2009)
- Legal Manager, Abrar Group International (December 1997 - May 2000)
- Assistant Manager, Legal Affairs, Damansara Realty Berhad (January 1997 - November 1997)
- Senior Assistant Registrar, Shah Alam High Court (March 1995 - December 1996)
- Magistrate, Johor Bahru Magistrate Court (May 1994 - March 1995)

Directorship of Public Companies (if any):

- Nil

Declaration:

- She does not have any conflict of interest or any family relationship with any other Director and /or major shareholder of MSM Malaysia Holdings Berhad.
- She has not:
 - been convicted of any offence (other than traffic offences); and
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Executive Committee Diversity



SYED FEIZAL SYED MOHAMMAD
Group Chief Executive Officer



HASNI AHMAD
Group Chief Operating Officer



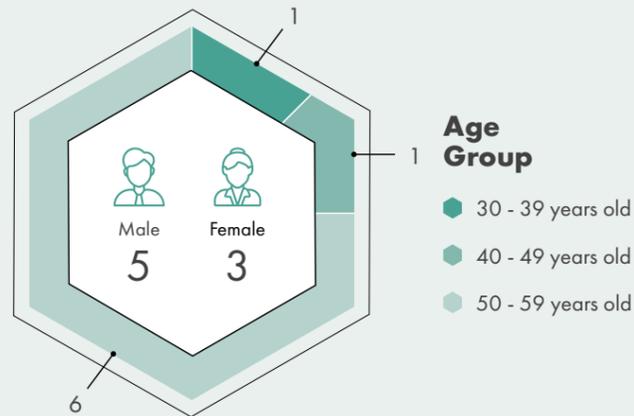
DR. MAZATUL 'AINI SHAHAR BINTI ABDUL MALEK SHAHAR
Chief Financial Officer



MOHD BAKHTIAR MOHD PAHRORAJI
Head, Group People & Culture

EXECUTIVE COMMITTEE DIVERSITY

The Executive Committee (EXCO) is the primary executive leadership body in the MSM Group which centrally monitors the Group's performance, coordinates and aligns the Group's management and business operations to achieve the Group's objectives. In addition, the EXCO provides a collective forum for senior management to discuss and review business and operational activities in accordance with the constitution, policies and procedures of the Group.



AHMAD FER-ROUSE AHMAD KHAIRUDDIN
Head, Corporate Governance & Risk Management



CHENG LAY PENG
Head, Environmental, Social & Governance (ESG)



WAN ANNIZA S.M. JAMALUDDIN
Head, Legal Affairs



ABDUL HADI KARIM
Head, Corporate Strategy & Investor Relations

Profile of Executive Committee



SYED FEIZAL SYED MOHAMMAD
Group Chief Executive Officer

Age
59

Male

Malaysia

Appointment to the Position:
1 February 2021

Academic/Professional Qualification(s):

- Masters in Business Administration (Executive), Charles Sturt University, Australia
- Bachelor of Science in Electrical Engineering from University of Nebraska, Lincoln, USA
- Member of Institute of Corporate Directors Malaysia
- Adjunct Professor, Azman Hashim International Business School, UTM

Directorship in MSM Group of Companies:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

Directorship of Public Companies:

- None

Relevant Experience:

Syed Feizal has over 34 years of experience in multinational companies and local conglomerate companies and over 12 years in C-level executive roles. He has served in various corporate and business sectors including engineering and construction of oil and gas facilities, petrochemicals and industrial process plants, exploration & production, infrastructure (water, transport and power) and trading of agro and industrial commodities (palm oil, rubber, rice and sugar) and hydrocarbons. His experience in various large to mega capital project conceptualisations and developments span across several countries and regions including Asia Pacific, South Asia and Middle East.

Previously, Syed Feizal held several senior leadership positions as Chief Executive Officer, Executive Project Sponsor and Board roles, managing large organisations of over 3,000 people in Malaysia. He was also a senior member of the Executive Committee overseeing more than 7,000 people in Asia Pacific with over 15 subsidiaries across China, SE Asia and Australia.



HASNI AHMAD
Group Chief Operating Officer

Age
54

Male

Malaysia

Appointment to the Position:
1 February 2021

Academic/Professional Qualification(s):

- Bachelor in Chemical Engineering (with distinction) Clarkson University, New York

Directorship in MSM Group of Companies:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

Directorship of Public Companies:

- None

Relevant Experience:

Hasni has close to 30 years of experience in managing oleochemical manufacturing as well as overall plant management. He began his career with FPG Oleochemicals, Kuantan and served in various capacities for 18 years. In 2010, he joined FELDA Holdings Berhad and was seconded as General Manager to Twin Rivers Technologies (TRT) US Inc, in Quincy Massachusetts, emerging in 2013 as Vice President of the Downstream Cluster, managing overall operations of the manufacturing plant.

He then served in multiple roles within the FGV Group holding the CEO post at FGV Biotechnologies Sdn Bhd, Head of Operations (Downstream Division) for the plantation sector, Interim Caretaker of the palm oil downstream cluster, and most recently, CEO of Delima Oil Products.

Profile of Executive Committee



Age 50

Chief Financial Officer

**DR. MAZATUL 'AINI SHAHAR
BINTI ABDUL MALEK SHAHAR**
Chief Financial Officer

Appointment to the Position:
1 December 2022

Academic/Professional Qualification(s):

- Doctor of Philosophy (PhD) in Islamic Banking and International Economics, University of East London (UEL), UK
- Fellow, Institute of Chartered Accountant in England & Wales (ICAEW), UK
- Chartered Accountant, MIA
- BA (Hons) Industrial Economics, University of Nottingham, UK
- CCP, Asian Institute of Chartered Bankers (AICB)

Directorship in MSM Group of Companies:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

Directorship of Public Companies:

- None

Relevant Experience:

Dr Aini was the Group Chief Financial Officer of Proton Holdings Berhad prior to the merger with Zhejiang Geely Group. Previously, she was the CFO for Nationwide Express Courier Services Berhad. Dr. Aini has 27 years of hands-on experience in Islamic banking & finance, fund-raising, transformation management, corporate finance and advisory works. She was with Maybank Investment, Bank Pembangunan and Bank Muamalat. She began her career with Arthur Anderson & Co in 1995 after graduating from the University of Nottingham, UK. She also became a consultant to Prokhas Sdn Bhd and Malaysia Institute of Accountants, where she was the editor of the 1st Islamic Finance Accounting textbook.

Dr Aini currently sits on board of IJN Holdings Sdn Bhd as an Independent Director. Previously, she was an Independent Director and a member of the Board Audit Committee for both 7-Eleven Malaysia Holdings Berhad and TH Heavy Engineering Berhad.



Age 54

Head, Group People & Culture

MOHD BAKHTIAR MOHD PAHRORAJI
Head, Group People & Culture

Appointment to the Position:
15 September 2020

Academic/Professional Qualification(s):

- Bachelor of Laws (Honours), International Islamic University Malaysia
- Diploma in HR Management, MIHRM

Directorship of Public Companies:

- None

Relevant Experience:

Mohd Bakhtiar has over 27 years of people practitioner experience, beginning his managerial career as Country HR Manager Malaysia/Singapore in Electrolux. Since then, he has climbed up the hierarchy and served as Head of Human Resource & Communication, Total E&P Malaysia in 2009, Director of Human Resource, SapuraKencana Petroleum Group in 2011, Chief Human Resource Officer, Omesti Group in 2015 and most recently as Head of People & Organisation, Sabah International Petroleum since 2018.



Age 59

Head, Corporate Governance & Risk Management

AHMAD FER-ROUSE AHMAD KHAIRUDDIN
Head, Corporate Governance & Risk Management

Appointment to the Position:
1 November 2019

Academic/Professional Qualification(s):

- Master of Business Administration (General Management), Boise State University, USA
- Bachelor of Science (Real Estate), Boise State University, USA
- Certified Integrity Officer (CeIO), MACC

Directorship of Public Companies:

- None

Relevant Experience:

Ahmad Fer-Rouse has a dynamic portfolio of experience in human resource, corporate communications and public relations, marketing and is a Certified Integrity Officer. Prior to his present appointment, he served nine years within the FGV Group with his last position as the Senior General Manager of the Governance & Compliance Department. He has also worked in various capacities with Sime Darby Plantations, Golden Hope Plantations, Technology Park Malaysia Corp, Iomega (Malaysia) and the SAPURA Group.

Profile of Executive Committee



Age 51

Head, Environmental, Social & Governance (ESG)

CHENG LAY PENG
Head, Environmental, Social & Governance (ESG)

Appointment to the Position:
3 January 2023

Academic/Professional Qualification(s):

- Master in Business Administration (General Management), Atlantic International University
- Bachelor of Science (Chemistry & Biology), Campbell University

Directorship of Public Companies:

- None

Relevant Experience:

Lay Peng has over 25 years of experience in multinational and publicly listed companies, namely chemical industry, precision engineering & plating and polymer & rubber coating solutions.

She possesses career portfolio across research & development, plant operation & project management, sustainability, risk & compliance and quality, environment, health & safety.

Profile of Executive Committee



Age 46

Head, Legal Affairs

WAN ANNIZA S.M. JAMALUDDIN
Head, Legal Affairs

Appointment to the Position:
12 July 2018

Academic/Professional Qualification(s):

- Admitted to the Malaysian Bar
- Bachelor of Laws (Honours), National University of Malaysia
- Diploma in Islamic Judicial and Legal Administration, National University of Malaysia

Directorship in MSM Group of Companies:

- None

Directorship of Public Companies:

- None

Relevant Experience:

Anniza is an experienced senior executive and legal counsel with over 20 years of post-qualification experience. Following several years in private practice where she specialised in all aspects of Intellectual Property law, Anniza then moved on to the corporate world and served in various industries including collective licensing of music recordings, retail and telecommunications where she honed her skills and knowledge in a variety of practice areas including corporate and commercial law with special emphasis on mergers and acquisitions. Prior to her appointment as Head of Legal Affairs with MSM, she was the Senior Legal Manager for FGV Holdings Berhad, a position she took on in 2015.



Age 37

Head, Corporate Strategy & Investor Relations

ABDUL HADI KARIM
Head, Corporate Strategy & Investor Relations

Appointment to the Position:
1 March 2021

Academic/Professional Qualification(s):

- Master of Business Administration (Islamic Finance), Open University Malaysia
- Bachelor of Business Administration (International Business), Multimedia University

Directorship of Public Companies:

- None

Relevant Experience:

Hadi brings with him over 10 years of experience in Corporate Finance and Strategic Planning. He was General Manager of Corporate Strategy at MSM prior to his present appointment.

He had previously served in the banking industry with local and international banks as well as in the construction industry. He was Manager of Corporate Finance at SPK Construction from September 2016 to July 2018.

Profile of Heads of Operations



Age 54

Head, Operations - MSM Prai Berhad

CHEAH POH LYE
Head, Operations - MSM Prai Berhad

Appointment to the Position:
January 2019

Academic/Professional Qualification(s):

- Degree in Mechanical Engineering 1992
- Steam Engineer Grade 2 1998
- Energy Manager from Energy Commission Malaysia 2017

Directorship of Public Companies:

- None

Relevant Experience:

Cheah Poh Lye began his career as a mechanical production engineer with Sony Electric Malaysia in 1992 and joined MSM Prai as mechanical engineer in 1993. Since then, he has risen up the ranks within MSM Prai serving as the Mechanical Manager in 2004, General Manager of Engineering in 2009 and Acting Head of Operations in 2018, before his present appointment. He brings with him close to three decades of experience, involvement and understanding of MSM Prai operations.



Age 45

Head of Operation, MSM Johor

MOHD AMIR BIN REDZUAN
Head of Operation, MSM Johor

Appointment to the Position:
14 January 2023

Academic/Professional Qualification(s):

- Degree of Mechanical Engineering, University Science of Malaysia
- 2nd Grade Steam Engineer, Certified by DOSH

Directorship of Public Companies:

- None

Relevant Experience:

Mohd Amir started his career with FGV Palm Industries in 2000 and continued working for the next 10 years as Maintenance and Production Engineer. Graduated at USM in 2000, and with a Grade 2 Steam Certification under his belt, he brings with him expertise and understanding towards delivery set business objectives. He then joined TRT USA as Project Engineer Expatriate for 2 years. From 2013 until 2020, he returned as Plant Manager for FGV Refinery. Since 2021, he joined MSM Johor as Head of Engineering, progressing as Acting Deputy Head of Operations in 2022 and further promoted as Head of Operation in January 2023. He has strong leadership ability with good ability to organise and assign tasks and at the same time able to anticipate issues before they happen and take action to ensure a smooth daily operation.

Additional Information:

1. None of the Senior Management has any family relationship with and is not related to any Director and/or major shareholder of MSM Malaysia Holdings Berhad.
2. None of the Senior Management has any directorship in public companies and listed issuers.
3. None of the Senior Management has any conflict of interest with MSM Malaysia Holdings Berhad.
4. None of the Senior Management has:
 - been convicted of any offence (other than traffic offences) within the past five (5) years; and
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Corporate Governance Overview Statement

MSM Group's Governance Framework serves as the bedrock for the organisation's direction and control. Our framework provides the necessary flexibility and agility to enable MSM to operate as a thriving and sustainable business, adeptly responding to the demands of stakeholders, including future generations, and the ever-evolving market conditions within which we operate.

The Board sets the bar high for governance excellence, monitoring compliance through a variety of mechanisms such as stakeholder engagement, effectiveness reviews, control reviews, risk assessments and support from the Top Management and Company Secretary. To ensure the adaptability, agility and accountability required to realise our mission, the Board instills a culture of empowerment by delegating authority to its Board Committees and Management personnel. Such empowerment promotes diversity of thought and innovation, enabling us to achieve our strategic goals and mission, all while being vigilantly guided by the Board's watchful eye.

Our Governance Framework is guided by the following key corporate governance principles under Malaysian Code on Corporate Governance 2021 (MCCG 2021):

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE B:
EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE C:
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The framework complies with regulatory requirements and consistency with best practices and guidelines:

<ul style="list-style-type: none"> Companies Act, 2016 	<ul style="list-style-type: none"> Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities)
<ul style="list-style-type: none"> MCCG 2021 published by the Securities Commission 	<ul style="list-style-type: none"> Corporate Governance Guide - 4th Edition 2021 (4th CG Guide) published by Bursa Securities

Application of MCCG 2021

The Board is committed to the highest standards of corporate governance. We have endeavoured to apply with all the provisions and principles of MCCG 2021, save that which has been detailed out in our Corporate Governance Report 2022 (CG Report 2022).

This Corporate Governance Overview Statement should be read in tandem with the CG Report 2022 which is available on our corporate website at <https://www.msmsugar.com/investor-relations/reports>.

The summary of explanation for the departure is depicted below:

DEPARTED PRACTICE

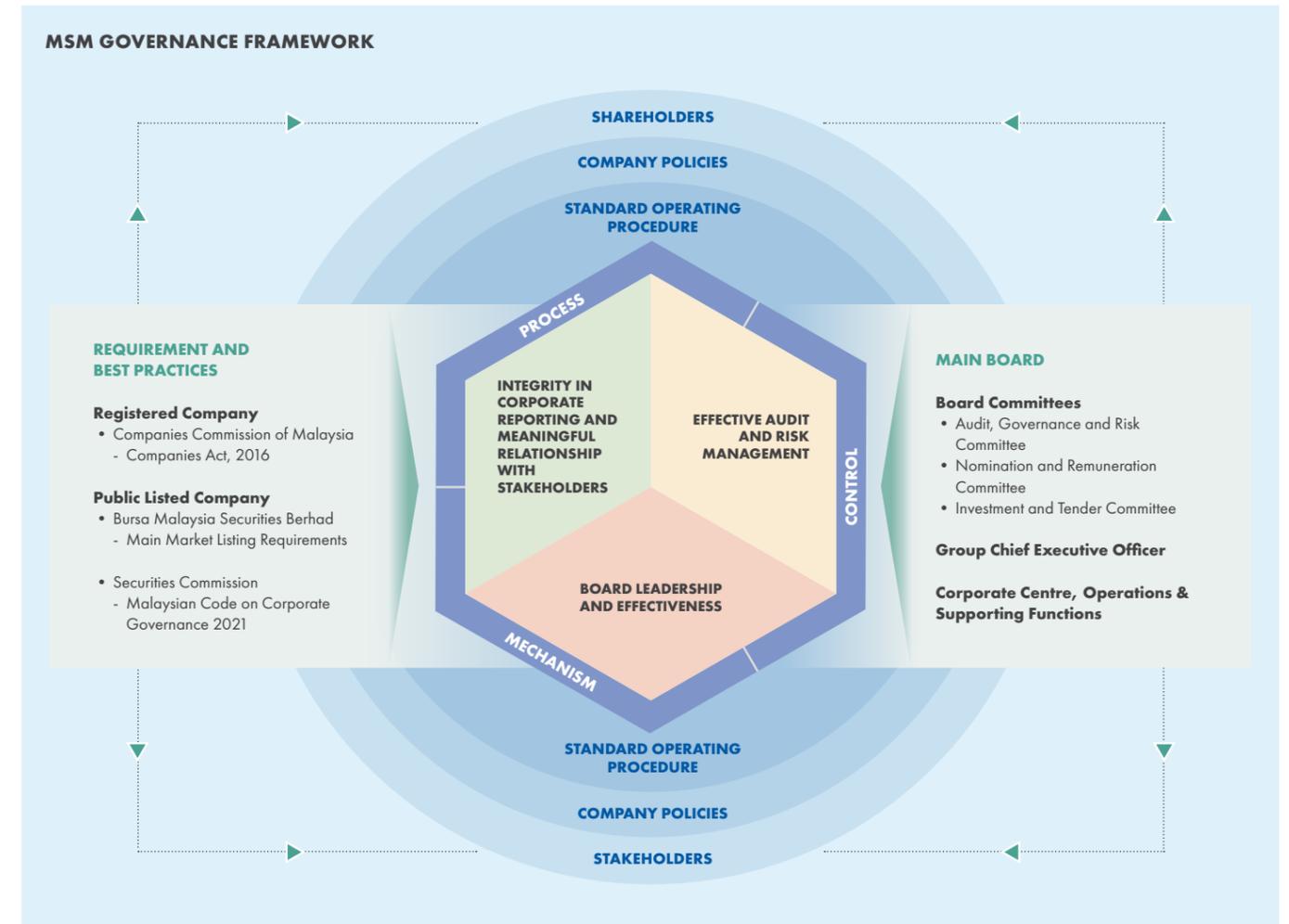
Practice 5.10

- The board discloses in its annual report the company's policy on gender diversity for the board and senior management

SUMMARY OF EXPLANATION FOR DEPARTURE

- There is no policy in place regarding gender diversity for Senior Management. The current approach to gender diversity in Senior Management is founded on selecting and appointing individuals based on their merit, while also taking into account fair and equitable considerations of their qualifications, experience, skills, intelligence and empathy.
- Notwithstanding the absence of the policy on gender diversity for the Senior Management, there are currently three (3) women who are the members of Senior Management of MSM that constitutes 37.5% of the Senior Management's composition.

Our Governance Framework



GOVERNING SUSTAINABILITY

BOARD OF DIRECTORS

MSM's Board Charter sets out the Board's oversight on sustainability. The Board of Directors formulates the sustainability policy and ensures that it takes account material matters that impact business goals. In addition, the Board is responsible for approving MSM's sustainability disclosures.

Further details on the Board Charter is made available on MSM corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

AUDIT, GOVERNANCE AND RISK COMMITTEE

The Audit, Governance and Risk Committee (AGRC) supports the Board's sustainability oversight. The AGRC provides oversight for the formulation of the sustainability policy and strategies. It reviews the Sustainability Report and any other related information that has major financial and/or reputational impact on the Group.



Our Governance Framework

FOCUS ON STRONG GOVERNANCE

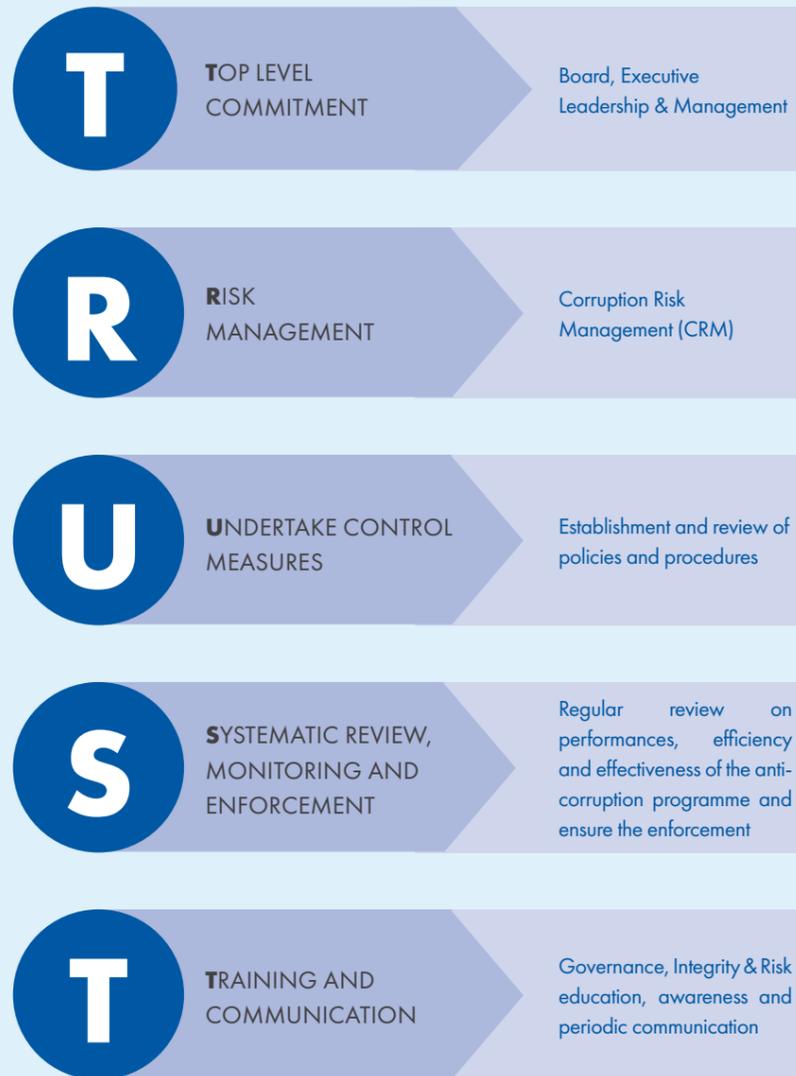
Acknowledging the significance of sound governance, Corporate Governance plays a crucial role in supporting the implementation of a company's strategy, creating value for shareholders and protecting their long-term interests.

During the year, the Group prioritised its efforts towards ensuring compliance with the provision of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), which now holds commercial organisations liable for corruption offenses. This amendment came into effect on 1 June 2020.

COMMITMENT TO ANTI-BRIBERY AND ANTI-CORRUPTION

ADEQUATE PROCEDURES (TRUST)

When it comes to corporate liability, especially in relation to corruption offenses, implementing adequate procedures is crucial as a defense mechanism. MSM has taken a comprehensive approach in this regard by adopting the T.R.U.S.T. principles as the cornerstone of its adequate procedures.



Our Governance Framework

Anti-Bribery Policy Statement

MSM has included the principles of adequate procedures into its Anti-Bribery Policy Statement, which is easily accessible on the Company's corporate website. This practice adheres to Paragraph 15.29(1) and (2) of the Listing Requirements, guided by the Guidelines on Adequate Procedures and Section 17A(5) of the MACC Act 2009 (Amendment 2018). The statement is structured to address three main areas of concern: Corruption, Fraud and Abuse of Power.

The Policy Statement of MSM highlights the Company's commitment towards anti-bribery and anti-corruption efforts. It consists of seven policies that are summarised below:

Whistleblowing Policy	Code of Business Conduct Ethics for Employees (COBCE)
Asset/Personal Declaration Interest Policy (APID)	Conflict of Interest Policy
External Gift, Entertainment and Hospitality Policy (External GEH Policy)	Referral Policy
Sponsorship and Donation Policy	

Anti-Bribery Policy Statement is available on the Company's corporate website at <https://www.msmsugar.com/our-company/corporate-governance>

KEY FOCUS ON FY2022

- Promoting awareness of anti-corruption practices by carrying out programmes such as MSM Integrity Talk and MSM Conflict of Interest & Whistleblowing Roadshow
- Disclosure of MSM Conflict of Interest Policy. Objectives are to ensure fairness, transparency and accountability within the Group
- Conducted the Corruption Risk Management Review in line with the Guidelines on Adequate Procedures
- Enhance policies and procedures relating to Board matters

PLAN FOR FY2023

- We practice good corporate governance practices
- Continuously ensure alignment to the Guidelines on Adequate Procedures
- Inculcate high integrity culture and governance in MSM
- Review and revise Board Charter, Board Committees Terms of Reference and other policies and procedures relating to Board matters



1 **Ahmad Fer-Rouse Ahmad Khairuddin**, Senior General Manager, Corporate Governance & Risk Management
 2 **Khairudin Anwar**, Senior Manager, Corporate Governance & Risk Management
 3 **Nani Azreen Azmi**, Senior Executive, Corporate Governance & Risk Management
 4 **Norhasimah A Rahman**, Senior Executive, Corporate Governance & Risk Management
 5 **Nur Iwani Sahawarludin**, Executive, Corporate Governance & Risk Management

Corporate Governance Awareness Activities Conducted in 2022

MSM INTEGRITY TALK

MSM Malaysia Holdings Berhad and its Group of Companies, along with MSM vendors, attended MSM Integrity Talk Session by MACC.

Various topics covered such as Anti-Money Laundering; Section 17A, the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018); Adequate Procedures Guidelines and Whistleblowing.

28 JULY 2022 - MSM HOLDINGS



14 DECEMBER 2022 - MSM JOHOR



24 AUGUST 2022 - MSM SUNGAI BULOH WAREHOUSE (SBW)



21 DECEMBER 2022 - MSM PRAI



CGRM POLICY ROADSHOW (CONFLICT OF INTEREST & WHISTLEBLOWING)

From November to December 2022, roadshows on Conflict of Interest & Whistleblowing were conducted at MSM Prai, MSM Johor, and MSM Sungai Buloh, with the aim of dissemination, communication, ensuring better understanding of the policies and the implementations.

8-9 NOVEMBER 2022 - MSM PRAI



15-16 DECEMBER 2022 - MSM JOHOR



27-30 DECEMBER 2022 - MSM SBW



BOARD LEADERSHIP AND EFFECTIVENESS

How the Board Operates

The Group's high standards of corporate governance are anchored to comply with the MCGG 2021.

MSM's Governance Framework is structured in three layers. The Board oversees the Group – setting the purpose and strategy; ensuring appropriate resources are in place to achieve that strategy; establishing a framework of effective controls through risk management holding management to account (including through monitoring of behaviours and culture); and, ultimately, promoting the long-term sustainable success of the Group.

The Board delegates certain matters to its three Board Committees. The MSM Board Committees support the Board in line with the Listing Requirements and MCGG 2021 and have established roles and responsibilities prescribed in the Terms of Reference, approved by the Board. Full Terms of Reference for each of the Board Committees are available on the Company's corporate website.

Matters which are not reserved for the Board, delegated to its Board Committees or for shareholders in general meetings, are delegated to the executive management under a schedule of delegated authorities approved by the Board. The Board has overseen the Group's high standards of corporate governance and business performance throughout 2022.

Throughout the year, the Board has continued to ensure a progressive cycle of continuous improvement and championed the Group's commitment to high standards of corporate governance – the foundation enabling cash generation, resilience and growth for the long-term success of MSM for stakeholders and wider society.

BOARD ACTIVITIES FOR FY2022

Below are among the key matters considered by the Board through the thirteen (13) meetings held during FY2022:

Strategy, Risk and Sustainability

Reviewed and approved:

- MSM Group Corporate Scorecard 2021 Performance Review
- Budget 2022 and Corporate Scorecard 2022 for MSM Malaysia Holdings Berhad Group of Companies
- MSM Group's Climate Actions through Science Based Target Initiatives and Net Zero Ambition
- Participation in SIRIM's Resource Efficiency and Industrial Symbiosis Opportunity Assessment

Group Operation

Reviewed and approved:

- Liquidation of MSM Trading International DMCC
- Disposal of Two Adjoining Vacant Parcels of Industrial Land in Pulau Indah, Klang
- Solar PV Project in MSM Prai Berhad and MSM Sungai Buloh Warehouse
- Updates on MSM Sugar Refinery (Johor) Sdn Bhd Ramping Up Plan

Governance

Reviewed and approved:

- MSM Whistleblowing Policy
- Revision of MSM Limit of Authorities
- Corporate Governance Overview Statement for the inclusion in MSM Malaysia Holdings Berhad 2021 Annual Integrated Report
- Corporate Governance Report for financial year ended 31 December 2021
- Statement on Risk Management and Internal Control for the inclusion in MSM Malaysia Holdings Berhad 2021 Annual Integrated Report

Succession Planning, Appointments, Remuneration and Others

Reviewed and endorsed:

- Board Effectiveness Assessment for Financial Year 2021

Reviewed and approved:

- Recommendation from Nomination and Remuneration Committee on Performance Assessment of the Audit, Governance and Risk Committee and its Members
- Appointment of the Chief Financial Officer of MSM Malaysia Holdings Berhad
- MSM Group C-Suite Performance Appraisal Rating and Determination of FY2022 Annual Increment and FY2021 Performance Bonus

Financial

Reviewed and approved:

- Write Off Damage Imported Sugar Stocks due to Flood Incident at Pos Logistic Kota Kemuning Warehouse in December 2021
- Zakat Payment for FY2022 by MSM Prai Berhad
- Write Off Packing Materials at Bukit Jelutong Warehouse
- Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors and Auditors' Report

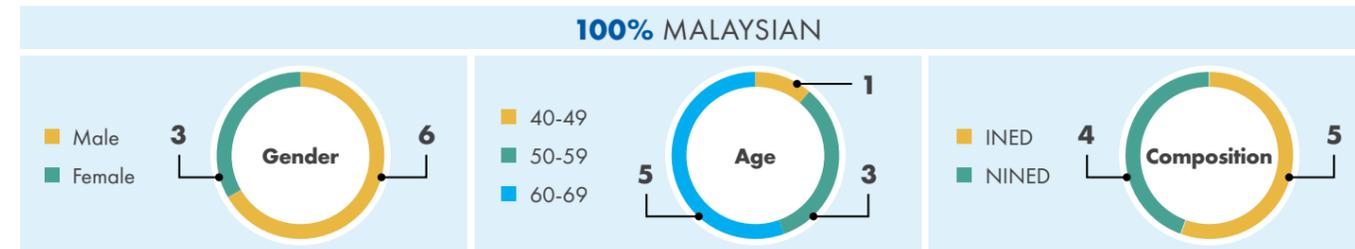
BOARD LEADERSHIP AND EFFECTIVENESS

Board Committees

Audit, Governance and Risk Committee (AGRC)	Nomination and Remuneration Committee (NRC)	Investment and Tender Committee (ITC)	Special Board Committee (SBC)
<p>Chairman CHOY KHAI CHOON Attendance (15/15) 100%</p> <p>Member DATO' MUTHANNA ABDULLAH Attendance (14/15) 93%</p> <p>DATO' ROSINI ABD SAMAD Attendance (15/15) 100%</p> <p>DATUK DR ABD HAPIZ ABDULLAH Attendance (-) (appointed w.e.f. 23 February 2023) 0%</p> <p>DATUK LIM THEAN SHIANG Attendance (10/12) (cessation of office on 23 August 2022) 83%</p>	<p>Chairman DATO' MUTHANNA ABDULLAH Attendance (8/8) 100%</p> <p>Member DATUK DR ABD HAPIZ ABDULLAH Attendance (8/8) 100%</p> <p>DATO' ROSINI ABD SAMAD Attendance (8/8) 100%</p> <p>NIK FAZILA NIK MOHAMED SHIHABUDDIN Attendance (8/8) 100%</p> <p>RAJA FARIDAH RAJA AHMAD Attendance (-) (appointed w.e.f. 23 November 2022) 0%</p> <p>DATO' AMIR HAMDAN HJ YUSOF Attendance (7/7) (cessation of office on 28 October 2022) 100%</p>	<p>Chairman DATUK DR ABD HAPIZ ABDULLAH Attendance (11/12) 92%</p> <p>Member CHOY KHAI CHOON Attendance (12/12) 100%</p> <p>FAKHRUNNIAM OTHMAN Attendance (-) (appointed w.e.f. 23 February 2023) 0%</p> <p>DATUK LIM THEAN SHIANG Attendance (8/8) (cessation of office on 23 August 2022) 100%</p> <p>AZMAN AHMAD Attendance (12/12) (cessation of office on 1 January 2023) 100%</p>	<p>Chairman DATUK SYED HISHAM SYED WAZIR Attendance (3/3) 100%</p> <p>Member DATO' MUTHANA ABDULLAH Attendance (2/3) 67%</p> <p>CHOY KHAI CHOON Attendance (3/3) 100%</p> <p>DATUK DR ABD HAPIZ ABDULLAH Attendance (3/3) 100%</p> <p>AZMAN AHMAD Attendance (2/3) 67%</p>
<p>The committee is responsible for:</p> <ul style="list-style-type: none"> Overseeing financial reporting Evaluating the internal and external audit process and outcome Managing risks and assessing the risk management framework and internal control environment Reviewing conflict of interest situations and Related Party Transactions (including Recurrent Related Party Transactions) Enhancing governance, ethics and integrity Overseeing sustainable practices Undertaking any such other function 	<p>The committee is responsible for:</p> <ul style="list-style-type: none"> Reviewing: <ul style="list-style-type: none"> The composition of the Board, Board Committees and directorship of the Group The processes for nomination and election, appointment, reappointment and re-election of Directors The performance and effectiveness of the Board Succession planning The Remuneration Policy, all remuneration matters and other general remuneration matters across MSM group Remuneration of the Non-Executive Directors, Group CEO and Top Management 	<p>The committee is responsible for:</p> <ul style="list-style-type: none"> Ensuring that MSM has in place optimum frameworks, mechanisms, policies and procedures for effective investment and procurement undertakings and activities Reviewing proposals related to new investments, divestments and procurements of the Group in line with MSM's prevailing related policies and procedures 	<p>The Board has established the SBC on 13 July 2022. The SBC was a temporary Board Committee formed to review the report by consultant on MSM Johor Refinery construction project.</p> <p>Upon completion of the SBC's objective, the SBC was disbanded by the Board on 21 November 2022.</p>
<p>Activities During 2022</p> <p>Further information about the activities of the AGRC during 2022 can be found in the AGRC Report on pages 112 to 114.</p>	<p>Activities During 2022</p> <ul style="list-style-type: none"> Reviewed and recommended: <ul style="list-style-type: none"> Board Annual Assessment on the independence of the independent directors MSM Group Corporate Scorecard 2021 performance review Directors' Remuneration for the non-executive directors for the financial year ended 31 December 2021 Board Effectiveness Assessment for financial year 2021 (BEA 2021) Performance assessment of the AGRC and its members MSM Group C-suite performance appraisal rating and determination of FY2022 annual increment and FY2021 performance bonus Approved the NRC meeting schedule for year 2023 	<p>Activities During 2022</p> <ul style="list-style-type: none"> Reviewed the capital expenditure (CAPEX) projects for 2022 Reviewed and monitored: <ul style="list-style-type: none"> The implementation of CAPEX projects and utilisation of funds at MSM Prai Bhd and MSM Sugar Refinery (Johor) Sdn Bhd The ramping up plans of MSM Sugar Refinery (Johor) Sdn Bhd Reviewed and recommended: <ul style="list-style-type: none"> The solar PV project at MSM Prai Bhd and MSM Sungai Buloh Warehouse The contract/tender for refineries operations The Group's business strategies for future expansion and diversification The disposal of MSM Group non-core asset The strategies for improvements & optimisation of refineries operations Approved the ITC meeting schedule for year 2023 	<p>Activities During 2022</p> <p>During its establishment, the SBC had convened three (3) meetings and made recommendations to the Board on the findings of the review of the report by the consultant.</p>

Board Composition and Attendance

The details of the current Board's composition are as follows:



BOARD MEETING ATTENDANCE FOR 2022

The Board Meetings conducted in 2022 were scheduled ahead and approved by the Board in November 2021. The agenda and board papers were distributed prior to Board Meetings to allow sufficient time for review to facilitate discussion at the meetings. The access by the Directors to board papers is carried out online, through the dedicated software which allows Directors to securely access, read and review the board papers at any time or location.

The Board Meetings attendance for financial year ended 2022 are set out below:

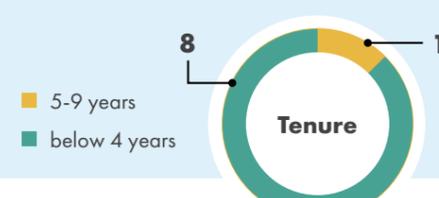
Board of Directors

DATUK SYED HISHAM SYED WAZIR Chairman Independent Non-Executive Director	DATO' ROSINI ABD SAMAD Independent Non-Executive Director	CHOY KHAI CHOON Independent Non-Executive Director	DATO' MUTHANNA ABDULLAH Independent Non-Executive Director	DATUK DR ABD HAPIZ ABDULLAH Independent Non-Executive Director	NIK FAZILA NIK MOHAMED SHIHABUDDIN Non-Independent Non-Executive Director	DATO' MOHD NAZRUL IZAM MANSOR⁽¹⁾ Non-Independent Non-Executive Director	RAJA FARIDAH RAJA AHMAD⁽²⁾ Non-Independent Non-Executive Director	DATUK LIM THEAN SHIANG⁽³⁾ Independent Non-Executive Director	DATO' AMIR HAMDAN HJ YUSOF⁽⁴⁾ Non-Independent Non-Executive Director	AZMAN AHMAD⁽⁵⁾ Non-Independent Non-Executive Director
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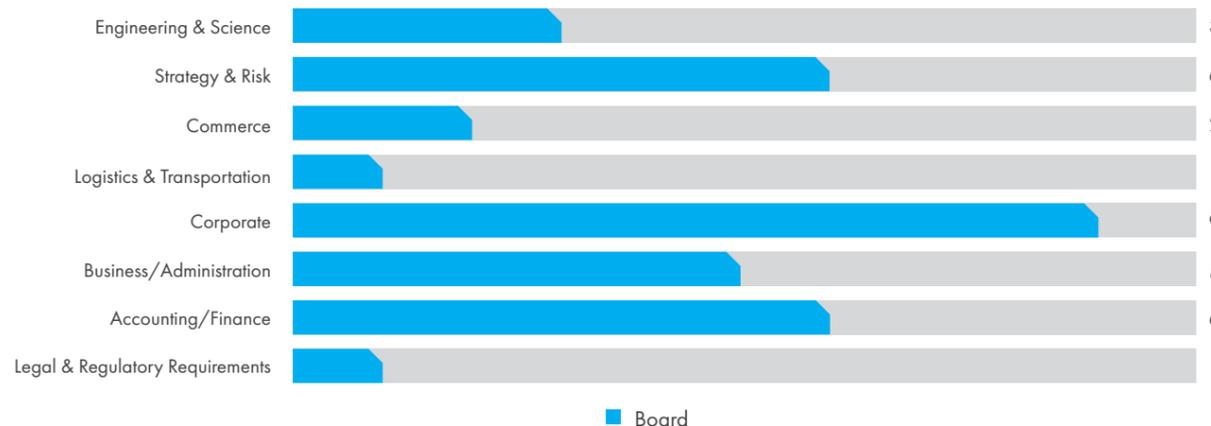
Total Meetings Attended



⁽¹⁾ Dato' Mohd Nazrul Izam Mansor was appointed as Board member with effect from 4 October 2022.
⁽²⁾ Raja Faridah Raja Ahmad was appointed as Board member and NRC member with effect from 28 October 2022 and 23 November 2022, respectively.
⁽³⁾ Ceased from office as Board member, ITC and AGRC members on 23 August 2022.
⁽⁴⁾ Resigned as Board member and ceased as NRC member on 28 October 2022.
⁽⁵⁾ Resigned as Board member and ceased as ITC member on 1 January 2023.



Skill & Experience of the current Board





BOARD LEADERSHIP AND EFFECTIVENESS

Our Board Processes

Role of the Board

The Board is responsible to the shareholders and wider stakeholders for the overall performance of the Group. The Board's role is to provide leadership, promote the long-term sustainable success of the Company, generate value for shareholders and positively contribute to wider society, within a framework of prudent and effective controls, which enables risk to be assessed and managed.

The positions of the Chairman and Group Chief Executive Officer are held by different individuals.

Chairman

- Responsible for the operation, leadership and governance of the Board
- Ensures all Directors are fully informed of matters and receives precise, timely and clear information sufficient to make informed judgments
- Sets Board agenda and ensures sufficient time is allocated to ensure effective debate to support sound decision making
- Ensures the effectiveness of the Board
- Engages in discussions with the shareholders

Non-Executive Directors

- Constructively challenge the Management
- Review proposals on strategy
- Scrutinise the performance of Management
- Satisfy themselves on the integrity of the financial information, controls and systems of risk management
- Set the levels of remuneration for Directors and Top Management

Group Chief Executive Officer

- Develops the Group's strategic direction for consideration and approval by the Board
- Implements the strategy agreed by the Board
- Leads the Executive Committee
- Manages the Company and the Group
- Supported in his role by the Executive Committee

Company Secretary

- Ensures information is made available to Board members in timely fashion
- Supports the Chairman in setting Board agenda, designing and delivering Board inductions and Board evaluations and co-ordinates post-evaluation action plans, including risk review and training requirements for the Board

Board Diversity

We continue to recognise and embrace the benefits of having a diverse Board; particularly the value that different perspectives and experience bring to the quality of Board debate and decision-making. We hold fast to the importance of making Board appointments on the basis of merit; but we also seriously take into consideration aspects such as background and experience, competencies, character, integrity, diversity and the ability to devote time as needed in our reviews of the composition of the Board. We believe that setting targets for the number of people from a particular background or gender is not an effective approach and therefore we have no specific quotas or targets. However we have adopted the practice recommended and appointed three (3) women directors. Nevertheless, our direction of travel, as far as diversity is concerned, has been a progressive one.

Board Effectiveness Assessment (BEA)

The Board conducts an annual review of the effectiveness of the performance of the Board and its Committees. In 2022, the Board continued with an internal BEA. The Board recognises that a continuous and constructive review of its performance is an important factor in achieving its objectives and realising its full potential.

The cycle of the Board's assessment is summarised as follows:

BEA Process in 2022

11 January 2023 Surveys prepared and circulated
31 January 2023 Completed surveys received
10 March 2023 Report recommended by NRC
31 March 2023 Report reviewed and approved by Board of Directors

There were three (3) sets of assessment forms for BEA 2022. The assessment forms were sent to eight (8) Directors on 11 January 2023 for their completion to assess the effectiveness of the following:

- Board as a whole
- Board Committees
- Directors' Self and Peer Evaluation

The scope of the assessment for Board as a whole covers the core drivers or ten (10) domains influencing the effective functioning of the Board as below:

- Board Roles and Responsibilities (oversight of strategy, risks, performance monitoring)
- Board Leadership
- Board Dynamics
- Board Management Relationships
- Board Composition and Diversity
- Board Information
- Board Processes
- Board Committees
- Board Agenda and Meeting
- Board and Stakeholders Engagement

The assessment of the Directors was based on the relevant performance criteria in line with Practice 6.1 of the MCCG 2021.

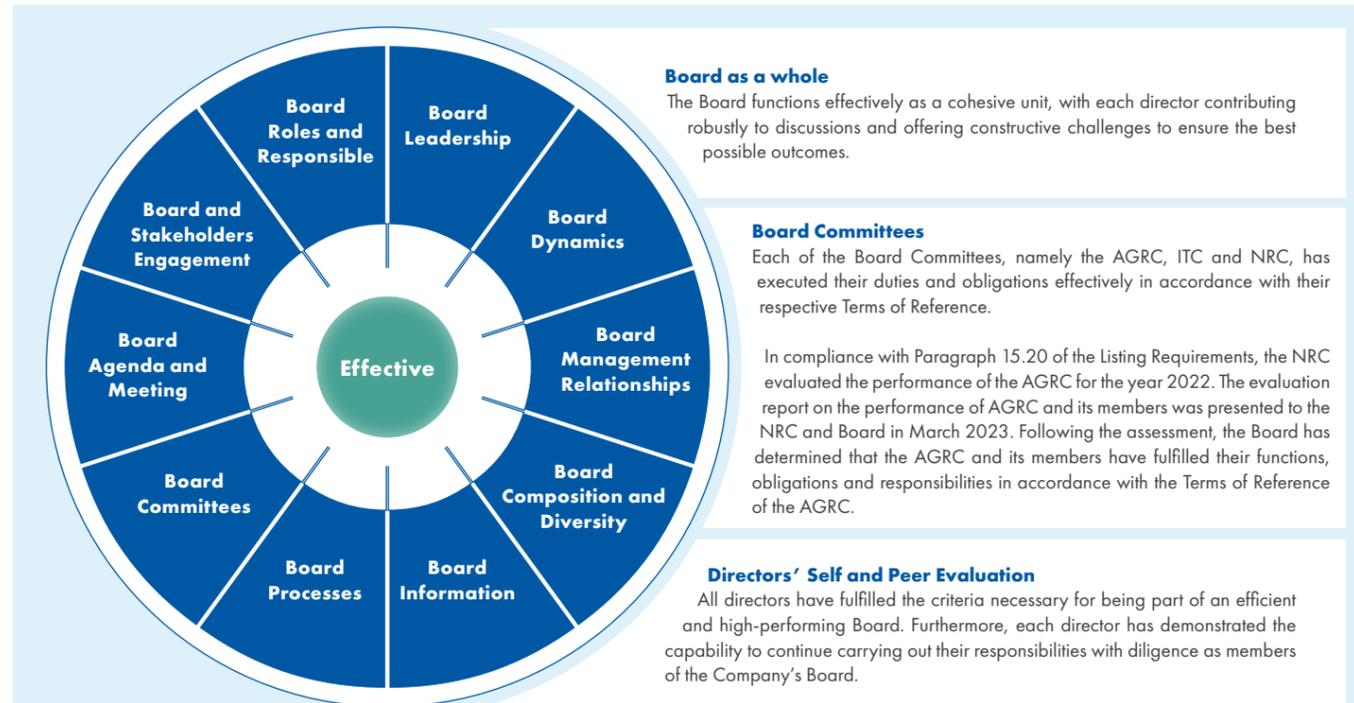


BOARD LEADERSHIP AND EFFECTIVENESS

Our Board Processes

THE RESULTS OF THE BOARD EFFECTIVENESS ASSESSMENT ARE AS FOLLOWS:

The feedback from all Directors is collated and summarised below:



Induction

On joining the Board, Non-Executive Directors participate in a comprehensive induction programme designed to familiarise them with the Company, its assets, policies and procedures and to introduce them to employees and key advisers, in order to assist them in becoming effective in their role as quickly as possible. As part of their induction, they are provided with detailed information on the Group, its policies and its governance structure by the Company Secretary. They also meet with the Top Management and the Heads of Function covering all aspects of the businesses.

Continuing Development and Training

The Board continually updates and refreshes its skills and knowledge through ongoing training and development support. The Board is regularly briefed on business-related matters, governance, investor expectations, legal and regulatory impacts. Both the AGRC and NRC receive updates on relevant accounting and remuneration developments, evolving market trends and changing disclosure requirements from external advisers and Management.

Directors may also request training on specific issues with some attending external courses. From time to time, meetings with specialists in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic. The Directors may also raise any training needs with the Chairman which help to ensure that the training programme meets the needs of the Board, Individual Director and the business. The Directors also have access to the advice of the Company Secretary and independent professional advice is available at the Company's expense, if necessary, in fulfilling their duties and responsibilities.

LIST OF TRAININGS ATTENDED BY DIRECTORS FOR FY2022

Datuk Syed Hisham Syed Wazir

MAY 30-31	MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG (Malaysian Institute of Accountants)
JUL 5	ISO 37002 Whistleblowing Management System (Malaysia Institute of Corporate Governance)
JUL 26-27	SSM National Conference 2022 - Corporate Governance and Sustainability Needed Now More Than Ever (Suruhanjaya Syarikat Malaysia)
AUG 3	Duties & Responsibility of Directors of Listed Companies (Boardroom Corporate Services Sdn Bhd)

Dato' Muthanna Abdullah

APR 7	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia's Audit Oversight Board)
JUN 15	Webinar on Net Zero Emissions -The Pathway to Business Resilience (Malaysian Institute of Corporate Governance)
OCT 3	Beyond Box-Ticking: Essentials for Effective Remuneration Committees (Asia School of Business)
OCT 3-4	Khazanah Megatrends Forum 2022 - Development and Its Complexities, Steering Our Way Through a Perfect Storm (Khazanah Nasional Berhad)

Datuk Dr Abd Hapiz Abdullah

FEB 23	Hong Leong Bank Sustainability Roundtable. The Chemical Manufacturing Industry: Its Environmental & Social Risks and Opportunities (Hong Leong Bank Berhad)
MAR 22	Corporate Governance Guide 4 th Edition: Rise Together (Malaysian Institute of Corporate Governance (MICG))
MAY 30-31	MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG (Malaysian Institute of Accountants)
JUN 3	Transitioning Towards Sustainability Agenda (Federation of Malaysian Manufacturers)
JUL 13	Navigating through the Evolution of Corporate Governance with the Introduction of Tax Corporate Governance Framework (KPMG)
SEP 13-14	Petrochemicals Sustainability Conference 2022 (Malaysian Petrochemicals Association)
OCT 3-4	Khazanah Megatrends Forum 2022 - Development and Its Complexities, Steering Our Way Through a Perfect Storm (Khazanah Nasional Berhad)

Choy Khai Choon

JAN 27	Forum on MyFintech Week Masterclass (BNM-FIDE Forum)
FEB 21	Capital Market Directors Programme - Module 1 - Directors as Gatekeepers of Market Participants (Securities Industry Development Corporation)

Choy Khai Choon (cont'd)

MAR 11	Introductory Session by UN Global Compact (UNGC) on 1) Brief Introduction on Board Leadership & Sustainability; and 2) KIBB-UNGC Collaboration Plans (UN Global Compact)
MAR 16	Bloomberg ASEAN Business Summit (Bloomberg)
MAR 23	Offshore Technology Conference Asia (Offshore Technology Conference)
MAY 19	How Boards Should Rethink Their Talent Strategy in this Era of Opportunity (Institute of Corporate Directors Malaysia)
MAY 19	The Power of ESG Data (Joint Committee on Climate Change (JC3))
MAY 24	Capital Market Directors Programme - Module 2A - Business Challenges and Regulatory Expectations - What Directors Need to Know (Equities & Future Broking) (Securities Industry Development Corporation)
MAY 27	Capital Market Directors Programme - Module 4 - Emerging and Current Regulatory Issues in Capital Market (Securities Industry Development Corporation)
JUN 7	Thriving in the New Normal: Leading through Geopolitical Volatility & Compressed Transformation (Bloomberg)
JUN 7	Briefing on ESG by E&Y for Zurich Insurance - Board/Management (Ernst & Young)
JUN 9	Understanding ESG Rating Frameworks to Enable Sustainable Investing in Malaysia (FTSE Russell)
JUN 22	Assessing Your Organisational Culture (Iclif Executive Education Center: Asia School of Business)
JUN 28	Bursa 2022 Market Intermediaries & Advocacy Programmes Addressing to Growing & More Complex Threat of Cyber Security (Asia School of Business)
JUL 12	Oil Palm Industry Briefing (CIMB and UOB)
AUG 11	Engagement session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms (FIDE Forum)
AUG 15	CGM Conversations with Chairmen: A Standing Item in Board Agendas (FIDE Forum)
AUG 25	Capital Market Directors Programme - Module 3 - Risk Oversight and Compliance - Action Plan for Board of Directors (Securities Industry Development Corporation)
NOV 2-4	Singapore Fintech Festival 2022 (Monetary Authority of Singapore, Elevandi and Constellar)
DEC 6	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia's Audit Oversight Board)

BOARD LEADERSHIP AND EFFECTIVENESS

Our Board Processes

Choy Khai Choon (cont'd)	
DEC 9	MACC Act Section 17A: The Impact of the Technology & the Newly Enhanced Sustainability Reporting by Dr. Mark Lovatt (Institute of Corporate Directors Malaysia (ICDM))
DEC 14	Board of Directors Cybersecurity Awareness (EC-Council Global Services)
DEC 16	Contemporary Issues in Anti-Money Laundering (Nature of Life)
Dato' Rosini Abd Samad	
APR 7	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia's Audit Oversight Board)
MAY 30-31	MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG (Malaysian Institute of Accountants)
JUN 30	Practical Forensics Investigation (MSWG)
JUL 5	ISO 37002 Whistleblowing Management Systems (Malaysian Institute of Corporate Governance)
JUL 26-27	SSM National Conference 2022 – Corporate Governance and Sustainability Needed Now More Than Ever (Suruhanjaya Syarikat Malaysia)
NOV 8	Audit Committee: The Megatrends & Priorities for Boards (Institute of Corporate Directors Malaysia)
Nik Fazila Nik Mohamed Shihabuddin	
JAN 6	Capacity Building Programme: Sustainability on Board (Business Council for Sustainable Development (BCSD) Malaysia)
JAN 20	Securing a Sustainable and Resilient Future (Nikkei Forum)
MAR 2	Global Framework for Sustainable Palm Oil (Council of Oil Producing Countries)
APR 21	Insights on Task Force on Climate Related Financial Disclosure (TCFD) and Sustainable Finance (KPMG)
MAY 23-24	Audit Committee Conference 2022 - Beyond Effectiveness, Governance, Sustainability & Agility (Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia)
JUN 8-9	MIA International Accountant Conference 2022 - Leading ESG, Charting Sustainability (Malaysian Institute of Accountants)
JUN 27	Audit Committee - Unpacking the Roles of the Committee & Honing the Effectiveness in Discharging its Responsibilities Holistically (Malaysian Institute of Corporate Governance)
JUL 13	Navigating through the Evolution of Corporate Governance with the Introduction of Tax Corporate Governance Framework (KPMG)

Nik Fazila Nik Mohamed Shihabuddin (cont'd)	
SEP 26-28	International Directors Summit (Institute of Corporate Directors Malaysia)
OCT 3-4	Khazanah Megatrends Forum 2022 - Development and Its Complexities, Steering Our Way Through a Perfect Storm (Khazanah Nasional Berhad)
OCT 13	The Law behind Corporate Governance (Malaysian Institute of Corporate Governance)
OCT 27	Fundamentals of Directorship (FGV Group Secretarial Division/Institute of Corporate Directors Malaysia)
OCT 31	The Rise of ESG & Sustainability in Boardroom (FGV Group Secretarial Division/Institute of Corporate Directors Malaysia)
NOV 23	Fundamental of Directorship: Directors' Liabilities and Legal Responsibilities (FGV Group Secretarial Division/Institute of Corporate Directors Malaysia)
DEC 12	How to be an Effective NED in a Disruptive World (Institute of Corporate Directors Malaysia)
Dato' Mohd Nazrul Izam Mansor	
OCT 27	Fundamentals of Directorship (FGV Group Secretarial Division/Institute of Corporate Directors Malaysia)
NOV 23	Fundamental of Directorship: Directors' Liabilities and Legal Responsibilities (FGV Group Secretarial Division/Institute of Corporate Directors Malaysia)
Raja Faridah Raja Ahmad	
DEC 5-7	Mandatory Accreditation Programme (Institute of Corporate Directors Malaysia)
Datuk Lim Thean Shiang (cessation of office on 23 August 2022)	
APR 7	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia's Audit Oversight Board)
Dato' Amir Hamdan Hj Yusof (resigned on 28 October 2022)	
FEB 10	Koperasi : Solusi Ekonomi Masyarakat (Angkatan Koperasi Kebangsaan Malaysia Berhad and Kumpulan Media Karangkraf)
Azman Ahmad (resigned on 1 January 2023)	
MAR 8-9	Palm & Lauric Oils Conference 2022 (Bursa Malaysia)
NOV 2-4	18 th Indonesian Palm Oil Conference and 2023 Price Outlook (Indonesian Palm Oil Association)

Board Appointment Process

MSM has in place a fit and proper policy for the appointment and re-election of its directors named MSM Board Nomination and Election Policy and Procedures (BNEP). The BNEP which was approved by the Board on 22 March 2018 and revised on 20 November 2019 formalises the policies on Board Composition (includes diversity), Independence, Conflict of Interest and Board Assessment required to meet the need of the Group.

In accordance with the NRC Terms of Reference and BNEP, the NRC is responsible for reviewing the structure, size and composition of the Board, Board Committees and all directorships in the Group. This includes assessing the skills, knowledge, experience and diversity of the Board members.

The Company Secretary is responsible for ensuring that all appointments are made correctly and that all necessary information is obtained from the Directors to fulfill statutory obligations, including those arising from Listing Requirements and other regulatory requirements.

During the FY 2022 until the date of this report, the following changes had taken place:

Director	Changes	
	Type	Effective Date
Datuk Lim Thean Shiang Independent Non-Executive Director	Cessation of Office (9-Year Tenure)	23 August 2022
Dato' Mohd Nazrul Izam Mansor Non-Independent Non-Executive Director	Appointment	4 October 2022
Dato' Amir Hamdan Hj Yusof Non-Independent Non-Executive Director	Resignation	28 October 2022
Raja Faridah Raja Ahmad Non-Independent Non-Executive Director	Appointment	28 October 2022
Azman Ahmad Non-Independent Non-Executive Director	Resignation	1 January 2023
Fakhrunniam Othman Non-Independent Non-Executive Director	Appointment	23 February 2023

The NRC is responsible for assessing and evaluating candidates for directorship before making a recommendation to the Board. The NRC ensures that the selection process reflects a balance of skills, experiences and diversity, including diversity in terms of gender.

Datuk Lim Thean Shiang, who was appointed on 23 August 2013, had ceased to be an Independent Non-Executive Director on 23 August 2022, following the completion of his 9-year tenure as stipulated by the Board Charter and BNEP. As a result, Datuk Lim Thean Shiang also stepped down as a member of the AGRC and the ITC on the same date.

In September 2022, FGV nominated Dato' Mohd Nazrul Izam Mansor, FGV Group Chief Executive Officer, to serve as an additional Non-Independent Non-Executive Director on MSM Board. The nomination was presented to the NRC for evaluation and assessment on 21 September 2022. Following the NRC's recommendation, the Board approved Dato' Mohd Nazrul Izam Mansor's appointment on 3 October 2022.

Koperasi Permodalan FELDA Malaysia Berhad (KPF) had in August 2022 nominated Raja Faridah Raja Ahmad to serve as a Non-Independent Non-Executive Director on MSM Board. The nomination was presented to the NRC for evaluation and assessment, in accordance with NRC's Terms of Reference. Based on the NRC's recommendation, Raja Faridah Raja Ahmad was appointed to MSM Board effective 28 October 2022, replacing Dato' Amir Hamdan Hj Yusof, who resigned as a Non-Independent Non-Executive Director and a member of NRC on the same day. Raja Faridah Raja Ahmad was also appointed as a member of the NRC effective 23 November 2022.

Azman Ahmad, who was FGV's nominee director, resigned on 1 January 2023. FGV had nominated Fakhrunniam Othman to replace Azman Ahmad as FGV's new nominee director on the Board. The NRC recommended the appointment in February 2023, and the Board approved his appointment as Director during their meeting on 22 February 2023. The appointment became effective on 23 February 2023, and Fakhrunniam Othman also became an ITC member on the same date.

Each of the newly appointed Directors was furnished with a Director's Kit which consists of, among others, the Board Charter and Board Committee Terms of Reference which give guidance on good corporate governance and outline the roles and responsibilities of the Board and Board Committees as well as their authority limits.

Dato' Mohd Nazrul Izam Mansor and Raja Faridah Raja Ahmad who were appointed during the FY2022 have successfully completed the Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements, while Fakhrunniam Othman who was appointed during the current financial year 2023 will complete the Mandatory Accreditation Programme by May 2023.

BOARD LEADERSHIP AND EFFECTIVENESS

Our Board Processes

Top Management

Changes to the Top Management personnel that took place during the FY 2022 until the date of this report are as follows:

Top Management	Changes	
	Type	Effective Date
Dr. Mazatul 'Aini Shahar Abdul Malek Shahar Chief Financial Officer	Appointment	1 December 2022
Ab Aziz Ismail Chief Financial Officer	Cessation of Office	1 December 2022

On 3 October 2022, the Board approved NRC's recommendation on the appointment of Dr. Mazatul 'Aini Shahar Abdul Malek Shahar as Chief Financial Officer (CFO) effective 1 December 2022 replacing Ab Aziz Ismail due to the expiry of his contract as CFO of MSM effective 1 December 2022.

Re-appointment and Re-Election of Directors

According to the MSM's Constitution, Clause 105 provides that newly appointed Directors are required to offer themselves for re-election at the first Annual General Meeting (AGM) following their appointment. Additionally, one-third of the Directors serving at any given time are to retire from office at least once every three years and are then eligible for re-election. Under Clause 99 of the Constitution, the Directors retiring each year will be those who have been in office the longest since their last election or appointment. A retiring Director will continue to serve until the end of the general meeting at which they retire.

In addition to the above, Clause 108 of MSM's Constitution also provides that the term of office of an Independent Director of MSM shall not exceed three (3) years and that the directors shall cease from the Board at the end of the three (3) years term but shall remain eligible for re-appointment up to a maximum of nine (9) years. This is to ensure that the composition of the Board is refreshed periodically.

Pursuant to the above, the following Independent Non-Executive Directors shall cease to be Directors of MSM upon completion of their three (3) years tenure on 7 May 2023 pursuant to Clause 108 of MSM's Constitution. The Board has approved their re-appointment on 13 April 2023 to be effective from 8 May 2023, in accordance with Clause 105 of MSM's Constitution and shall be subject to re-election at the forthcoming MSM 12th AGM.

- Datuk Syed Hisham Syed Wazir
- Choy Khai Choon
- Dato' Muthanna Abdullah
- Datuk Dr Abd Hapiz Abdullah

The NRC assesses the performance of Directors who are up for re-appointment and re-election at the AGM. Based on their evaluation, the NRC makes recommendations to the Board, which decides whether to propose the re-election of the Director to shareholders at the next AGM. The NRC also considers the other elements, among others, the following:

- The Individual Performance assessment which focuses more on soft aspects of the director (individual personality and traits)
- Special skills and knowledge an individual director brings to the organisation example networking, subject matter specialists, etc

The performance of those Directors who are subject to re-election of Directors at the AGM are assessed by NRC whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Director concerned for shareholders' approval at the forthcoming 12th AGM.

As evaluated by NRC and recommended by the Board, the following are to be re-elected at the forthcoming 12th AGM pursuant to the following provisions:

Director	Designation	Provision
Dato' Rosini Abd Samad	Independent Non-Executive Director	Re-election pursuant to Clause 99
Dato' Mohd Nazrul Izam Mansor	Non-Independent Non-Executive Director	Re-election pursuant to Clause 105
Raja Faridah Raja Ahmad	Non-Independent Non-Executive Director	Re-election pursuant to Clause 105
Fakhrunniam Othman	Non-Independent Non-Executive Director	Re-election pursuant to Clause 105
Datuk Syed Hisham Syed Wazir	Independent Non-Executive Director	Re-election pursuant to Clause 105
Choy Khai Choon	Independent Non-Executive Director	Re-election pursuant to Clause 105
Dato' Muthanna Abdullah	Independent Non-Executive Director	Re-election pursuant to Clause 105
Datuk Dr Abd Hapiz Abdullah	Independent Non-Executive Director	Re-election pursuant to Clause 105

The re-election of each Director will be conducted separately. All Directors who are standing for re-election have met the performance criteria required for an effective and high performance Board as assessed through BEA 2022. To facilitate informed decision-making by shareholders, this Annual Integrated Report provides sufficient information regarding the personal profiles, attendance at Board and Board Committee meetings, and shareholdings in the Company of the Directors standing for re-election.

Non-Executive Directors

The Board aims to set competitive remuneration levels for Directors in order to attract and retain individuals with the necessary skills and experience to effectively manage and operate the Group, commensurate with the complexity of the Company's activities and the Board's responsibilities. To achieve this, a Non-Executive Directors Remuneration Policy (NEDRP) has been established, which outlines the framework and policy for MSM Directors' remuneration.

Details of the Non-Executive Directors' remuneration as members of the Board and Board Committees in the form of fees FY2022 are as follows:

Board/Board Committees	Fees per annum (RM)	
	Chairman	Member
Board of Directors	315,000.00 (RM26,250/month)	120,000.00 (RM10,000/month)
Board Committees		
- Audit, Governance and Risk Committee	64,000.00	32,000.00
- Nomination and Remuneration Committee	35,000.00	20,000.00
- Investment and Tender Committee	32,000.00	16,000.00

Details of the Non-Executive Directors' benefits in accordance with the remuneration structure (excluding Directors' annual fees) are set out below:

Meeting Allowance

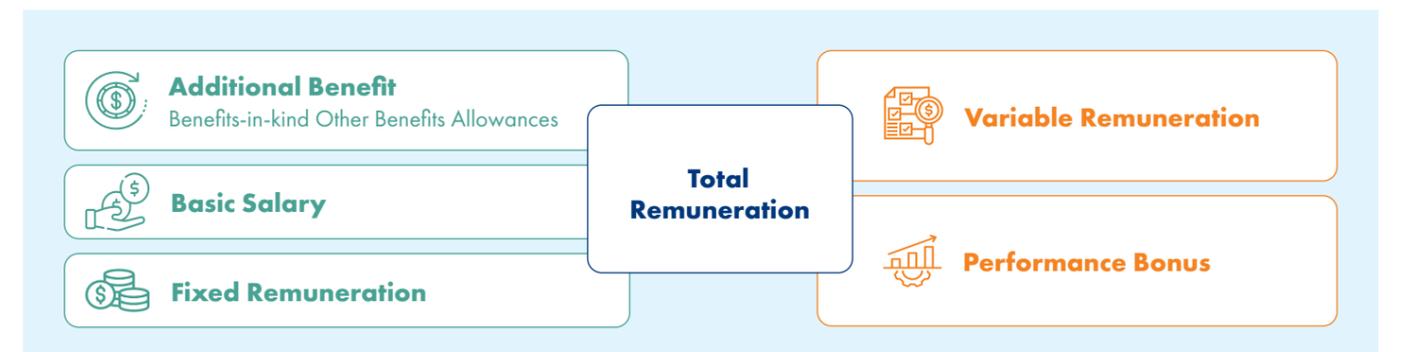
Board and Board Committee meeting: RM2,000 per attendance

Benefits

- Company car (Chairman only):
 - one (1) Company car of at least 2000cc with a maximum of RM180,000 per annum for utility of the car (car maintenance, petrol, etc. which is not convertible to cash)
- Driver allowance (Chairman only):
 - RM30,000 per annum
- Medical expenses, insurance coverage, travelling expenses and other claimable

Summary of Group Chief Executive Officer Remuneration Policy

The Group CEO's remuneration package is recommended by the NRC and approved by the Board. The package takes into account the CEO's individual performance, which is benchmarked against the Company's targets, as well as the market rate for benefits-in-kind, annual increments and bonuses. The Company has a policy that also accounts the performance of the Company beyond short-term financial measures. However, the Group CEO is not entitled to annual fees or meeting allowances for Board and Board Committee meetings, and MSM's subsidiaries Board.





BOARD LEADERSHIP AND EFFECTIVENESS

Our Board Processes

DIRECTORS & NON-EXECUTIVE DIRECTORS' REMUNERATION

Directors

The level of Directors' remuneration is generally set to be competitive to attract and retain Directors of calibre to provide the necessary skills and experience as required and commensurate with the Board's responsibilities, expertise and complexity of the Company's activities for the effective management and operations of the Group. The Board has formalised NEDRP which spells out the policy and framework of MSM Directors' remuneration.

Details of Directors' remuneration and aggregate remuneration of Directors for FY2022 are as follows:

	Directors' Annual Fees			Meeting Allowance (RM)	Benefits ⁽¹⁾ (RM)	Total (RM)
	MSM Board (RM)	MSM Board Committee (RM)	MSM Subsidiaries (RM)			
Non-Executive Directors						
Datuk Syed Hisham Syed Wazir	315,000.00	-	-	26,000.00 [#]	44,584.50	385,584.50
Choy Khai Choon	120,000.00	80,000.00	-	78,000.00 [#]	1,385.42	279,385.42
Dato' Muthanna Abdullah	120,000.00	67,000.00	-	64,000.00 [#]	1,385.42	252,385.42
Datuk Dr Abd Hapiz Abdullah	120,000.00	52,000.00	-	64,000.00 [#]	1,385.42	237,385.42
Dato' Rosini Abd Samad	120,000.00	52,000.00	-	72,000.00	1,385.42	245,385.42
Nik Fazila Nik Mohamed Shihabuddin	120,000.00	20,000.00	-	42,000.00	1,385.42	183,385.42
Dato' Mohd Nazrul Izam Mansor (Appointed with effect from 4 October 2022)	29,032.26	-	-	8,000.00	-	37,032.26*
Raja Faridah Raja Ahmad (Appointed with effect from 28 October 2022)	21,290.32	2,136.99	-	4,000.00	246.72	27,674.03
Datuk Lim Thean Shiang (Cessation of office on 23 August 2022)	77,096.77	30,838.71	-	52,000.00	888.19	160,823.67
Dato' Amir Hamdan Haji Yusof (Resigned on 28 October 2022)	98,709.68	16,438.36	-	34,000.00	1,138.70	150,286.74
Azman Ahmad (Resigned on 1 January 2023)	120,000.00	16,000.00	-	50,000.00 [#]	-	186,000.00*
TOTAL	1,261,129.03	336,414.06	-	494,000.00	53,785.21	2,145,328.30

Figures exclude SST

* Directors' Remuneration paid to FGV Holdings Berhad

Amount does not include meeting allowance as member of Special Board Committee which shall be subject to shareholders' approval at the 12th AGM on 8 June 2023

⁽¹⁾ Benefits comprised of:

- benefits-in-kind (Non-Executive Chairman only): (i) driver's allowance (ii) company car with utility of the car e.g. petrol
- other benefits (all Non-Executive Directors): (i) medical insurance coverage, (ii) group personal accident insurance coverage, (iii) travelling and (iv) other claimable benefits

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit, Governance and Risk Committee

To ensure effective oversight of financial reporting, internal and external audit processes and related party transactions, the Board delegates its authority to the Audit, Governance and Risk Committee (AGRC or Committee). The AGRC members possess the necessary financial literacy and business knowledge to fully understand its authority to the matters under their purview.

The AGRC is granted unrestricted access to both internal and external auditors, who report directly and functionally to the Committee. To maintain a proper relationship with the Company's external auditor, the AGRC has established transparent arrangements. The external auditor has given assurance that their personnel are and have been independent throughout the audit process, in accordance with relevant professional and regulatory requirements.

Oversight of Financial Reporting

The Board is committed to providing Shareholders with a clear, balanced and comprehensive understanding of the Group's financial performance and prospects. This is achieved through various means, including Audited Financial Statements, Quarterly Announcements of Financial Results, the Chairman's Address and the Management Discussion and Analysis (MD&A). Additionally, corporate announcements are made on significant developments affecting the Company in accordance with the Listing Requirements. The Directors ensure compliance with all applicable financial reporting standards, provisions of the Companies Act, 2016 and relevant laws and regulations in Malaysia.

Corporate Governance Matters

As a Company, we prioritise excellence in corporate governance, transparency and accountability. We believe that these values are essential to support our business in executing its strategy and generating long-term shareholders' value. To uphold these values, we have taken several initiatives, including:

- Establishment of MSM Group Inventory Management Policy
- Revision of MSM Whistleblowing Policy, External Auditor Policy, Limit of Authorities, Credit Control and Sales Payment Terms Policy and Inventory Reporting Policy

Ethics and Integrity

MSM has undertaken several key activities to demonstrate our commitment to be an ethical and professional organisation, anchored on ethics, integrity and accountability. These activities include:

- Corruption Risk Management Review
- Governance, Integrity & Risk Periodic Communication
- Establishment of New & Revised Policies
- Integrity Compliance Assessment
- Central Depository System
- Vendor Integrity Attestation
- Corporate Governance & Risk Management Update
- MSM Integrity Talk
- Virtual Prodigy Induction
- MSM Integrity Pledge for New Joiner
- Whistleblowing & Conflict of Interest Roadshow
- Governance & Integrity E-Learning

Risk Management, Business Continuity Management and Internal Controls

The Board takes overall responsibility for the Group's Risk Management and Internal Control structures. The AGRC conducts an independent assessment of the effectiveness of MSM's Enterprise Risk Management (ERM) framework and reports its findings to the Board. The Group's control environment includes various key elements such as the AGRC, Organisation Structure, Code of Business Practice, Business Continuity Management, Group Internal Audit, Legal, Company Secretary, Limit of Authorities, Policies and Procedures, Financial and Operational Information and Systems and Information Security.

The Group operates within a well-defined organisational structure, with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed to facilitate the development, planning, execution, monitoring and control of the Group's objectives, ensuring that internal controls are embedded within the operations.

For more information on the Group's risk management and internal control framework, please refer to the Statement on Risk Management and Internal Control found on pages 121 to 131 of this Annual Integrated Report.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit, Governance and Risk Committee Report

Composition of AGRC

The AGRC or the Committee is led by Choy Khai Choon, who serves as Independent Director and Chairman of the Committee. Choy Khai Choon is a member of the Malaysian Institute of Accountants (MIA) and holds an Honorary Fellowship from CPA Australia, meets the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the Listing Requirements. The current membership of AGRC and their meeting attendance records for FY2022 are as follows:

Members	Type of membership	No. of Meetings attended during 2022	
		Attended	Held
Choy Khai Choon	Chairman/Independent Non-Executive Director	15	15
Dato' Rosini Abd Samad	Independent Non-Executive Director	15	15
Dato' Muthanna Abdullah	Independent Non-Executive Director	14	15
Datuk Lim Thean Shiang (Cessation of office on 23 August 2022)	Independent Non-Executive Director	10	12
Datuk Dr Abd Hapiz Abdullah (Appointed with effect from 23 February 2023)	Independent Non-Executive Director	-	-

Meetings in 2022



15
Total Meetings

- 14 January 2022
- 16 February 2022
- 17 February 2022
- 18 February 2022
- 10 March 2022
- 17 March 2022
- 18 March 2022
- 13 April 2022
- 17 May 2022
- 27 June 2022
- 4 July 2022
- 15 August 2022
- 19 September 2022
- 16 November 2022
- 15 December 2022

Secretaries of the Committee

Company Secretary

Chief Internal Auditor

How the Committee Operates:

- A quorum for the AGRC requires at least two (2) out of four (4) members to be present. The Committee's proceedings are based on meeting papers on matters relating to its responsibilities and documented in meeting minutes. Reports on the AGRC's activities are presented to the Board on a quarterly basis, and minutes of AGRC meetings are circulated to members for confirmation. The AGRC is responsible for overseeing various areas, including financial reporting and performance, internal and external auditing, Related Party Transactions (RPTs), Recurrent RPTs, governance, ethics and integrity, risk management, internal control, sustainability frameworks and anti-bribery measures. Additional information on the roles and responsibilities of the AGRC is available in its Terms of Reference, which can be found on the Company's corporate website at www.msmsugar.com.

Summary of Activities

Financial Reporting and Performance Oversight

Reviewed:

- Quarterly Financial Results
- MSM Group's Goodwill and MSM Johor's Asset Impairment Assessment
- Quarter AGRC Report by Messrs PricewaterhouseCoopers PLT (PwC)
- Position on Financial Covenants
- Group's Consolidated Cashflow Projections
- Capital Expenditure (Capex)
- Recurring Related Party Transactions (RRPT)
- Report on Recoverability of Trade Receivables and Past Due Accounts
- Disposal and write off of assets and inventories
- Hedging of gas prices with Brent Crude Oil options
- Non-audit fees

Reviewed and recommended the Audited Financial Statements for financial year ended 31 December 2021

Internal Audit Process

- Reviewed Group Internal Audit Report issued by Group Internal Audit
- Approved Group Annual Internal Audit Plan for the year 2023
- Assessed the performance of the Chief Internal Auditor for year 2021
- Reviewed MSM Johor Refinery performance

Related Party Transactions

Reviewed and recommended:

- Circular to Shareholders for the purpose of seeking mandate for renewal and new Recurrent Related Party Transactions of the Group at the Annual General Meeting 2022
- Group Internal Audit Report to the Audit, Governance and Risk Committee on RRPT Review

Risks and Control Environment

Reviewed and recommended:

- Liquidation of MSM Trading International DMCC and Repatriation of fund to MSM Malaysia Holdings Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd Balance Sheet Restructuring
- Renewal of Raw Sugar Frame Supply Contract between MSM Prai Berhad and MSM Sugar Refinery (Johor) Sdn Bhd with Wilmar Sugar Pte Ltd
- MSM Group Balance Sheet Position
- Financial Support by MSM Prai Berhad to MSM Sugar Refinery (Johor) Sdn Bhd and MSM Trading & Distribution Sdn Bhd for the financial year ended 31 December 2021
- Long-Term Freight (CIF Premium) Contract for Raw Sugar Proposal from Wilmar
- Acceptance of Banking Facility offered by CIMB Islamic Bank Berhad to MSM Malaysia Holdings Berhad
- Acceptance and Utilization of Additional Islamic Banking Facilities offered by Affin Islamic Bank Berhad to MSM Prai Berhad

Risk Management

- Reviewed MSM Corruption Risk Management (CRM) Assessment
- Reviewed the quarterly progress Report on Group Risk Register Report and Business Continuity Management (BCM)

External Audit Process

- Private Discussion between AGRC and PwC (2 sessions)
- Reappointment of PwC as the External Auditor for MSM Group for FY2022
- PwC's Audit Plan and scope of work for the statutory audit of the Financial Statements for the financial year ended 31 December 2022 and declaration of PwC's independence as external auditor
- Audit Fees for MSM Malaysia Holdings Berhad and its Group of Companies for Financial Year 2022
- Engagement with PwC to perform Non-Audit Services in respect of Review and Benchmarking of MSM Limit of Authorities

Governance and Integrity

Reviewed and recommended:

- Corporate Governance Report for financial year ended 31 December 2021 for Announcement to Bursa Malaysia Securities Berhad and Publish on MSM Corporate Website
- Revision of MSM Whistleblowing Policy
- Revision of MSM External Auditor Policy
- New MSM Group Inventory Management Policy
- Revision of MSM Limit of Authorities
- Revision of MSM Credit Control and Sales Payment Terms Policy
- Revision of MSM Inventory Reporting Policy

Others

Reviewed and recommended Annual Integrated Report 2021 Matters:

- Corporate Governance Overview Statement
- Report on the Audit, Governance and Risk Committee
- Statement on Risk Management and Internal Control
- Production of MSM Malaysia Holdings Berhad's Annual Integrated Report for the financial year ended 31 December 2021
- Reviewed and recommended Production of MSM Malaysia Holdings Berhad Sustainability Report FY2022
- Approved Schedule of AGRC Meetings for year 2023



EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit, Governance and Risk Committee Report

Relationship with External Auditor

- The External Auditor Policy was developed to provide guidance on matters related to dealing with the firm of professional accountants which is or will be appointed as the External Auditor for the statutory audit of MSM Group.
- During the financial year ended 31 December 2022, other than the assurance service for review of Quarterly Bursa Announcement, there was also a non-audit service rendered by the external auditor amounting to RM190,000 in respect of review and benchmarking of MSM Limit of Authorities which was approved by the AGRC on 16 February 2022.

Continuous Learning and Development

- Further details on the training attended by the Committee's members during the financial year 2022 are detailed out under Directors' Training on pages 105 to 106 of this Annual Integrated Report.

Committee Evaluation

- For year of assessment 2022, Board Effectiveness Assessment was carried out in 2023 which encompassed the performance of the Committee and its Chairman as well as the Independence of the Independent Directors. The assessment focused on how effective the Committee had conducted its activities in 2022.

Internal Audit Function

- The Internal Audit function for MSM Group is outsourced to the holding company, FGV Holdings Berhad (FGV) Group Internal Audit (GIA) Division.
- The Chief Internal Auditor reports functionally and directly to the AGRC of MSM.
- The conduct of GIA is governed by GIA Charter and SOP.
- The Chief Internal Auditor, Zaliy Mohd. Zaman Khan, is a fellow member of CPA Australia, a professional member of the Institute of Internal Auditors Malaysia, a Certified Internal Auditor of the Institute of Internal Auditors, USA and holds an accounting degree from University of South Australia.
- Four (4) internal auditors comprising a Vice President, a Senior Manager and one (1) team of two (2) persons are specifically assigned for audits of MSM Group throughout the financial year.
- The total cost incurred for the financial year ended 31 December 2022 was RM1,521,520 (2021: RM1,449,067).

Summary of Activities of the Internal Audit Function

During the financial year under review, the Internal Audit function had undertaken the following main activities:

- Prepared and developed the Annual Internal Audit Plan of MSM Group for year 2023 and presented the same to the AGRC for approval.
- Performed internal audits according to the Annual Internal Audit Plan 2022 approved by the AGRC. The scope of work focused on the following key areas:
 - Raw and Refined Inventory Management
 - Production Management
 - Product Return and Quality
 - Repair and Maintenance
 - Sales Management
 - Tender management
- Performed investigative audits and presented to the AGRC the conclusions and subsequently sought the recommendation and direction from AGRC on action to be taken.
- Presented to the AGRC at its quarterly meetings, the summary observations and recommendations and the status of management's corrective actions implementation from the internal audit reports issued.
- Undertook Recurrent Related Party Transactions review for the purpose of supporting the Committee's statement in the Circular to the shareholders to seek mandate on new and existing Recurrent Related Party Transactions of the Group.

In 2022, the internal audit function performed 9 internal audit assignments (i.e. 7 assurance audits and 2 investigations) which consumed 700 mandays in comparison to 540 budgeted mandays during the year.

Statement by the Board

This Audit, Governance and Risk Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 31 March 2023.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders

Building and maintaining trust with our stakeholders underpins the success and reputation of MSM. Through stakeholder collaboration we aim to develop the Company, minimise our environmental impact, make a positive social contribution and uphold high standards of governance. More on our stakeholder engagement programmes can be read on pages 42 to 47 of this publication. MSM communicates with our stakeholders, including shareholders, through the following communication channels.

Shareholders

We are committed to open and regular communication and engagement with shareholders at any time of the year, and our communications with them will always offer invitations to meet with the Chairman or any of the Board's committee chairpersons.

Board

Investor relations, external communications and media reports are circulated regularly at Board meetings. The investor relations report contains a commentary on key events, share price performance, market movements, investor feedback from management/analyst meetings, broker and analyst forecasts and recommendations, investor relations activities (including ESG), and shareholder analysis. The external communications and media update provides details of the focus of external communication activities.

AGM

The 2022 AGM was conducted fully virtual. The Company continued leveraging technology to facilitate remote shareholders' participation at the AGM. Shareholders could view the AGM proceedings through live streaming, pose questions to the Company Board/Management, and submit their votes remotely using Remote Participation and Electronic Voting (RPEV) facilities via the online meeting platform. The Company also engaged with the investors prior to 2022 AGM.

The AGM serves as an important avenue for the Board to engage with shareholders, where they are able to meet informally and communicate with them. During the year under review, the Chairman, Board Committee Chairs and all other directors attended the AGM, with their attendance records made available to shareholders. The AGM proceedings were properly recorded and the minutes of the AGM including all the questions raised at the meeting and the responses are made available on the Company's website <https://www.msmsugar.com> for transparency.

Corporate Website

Our corporate website is an important channel for communicating with all stakeholders, including shareholders. All material information reported to the regulatory news services such as media releases, analyst briefing presentations, annual reports and more are published at <https://www.msmsugar.com/investor-relations/reports> together with copies of full-year and half-year results announcements and trading updates.

Investor Relations

The executive team runs an ongoing programme of dialogue with institutional investors and analysts, through which they discuss a wide range of issues concerning MSM including strategy, performance, management and governance. The announcements of the full-year and half-year results and trading updates provide opportunities for us to proactively answer questions from analysts and investors during the respective quarters, covering a wide range of topics. This year, MSM's Management and Investor Relations team have taken part in investor meetings to directly provide better insights and meaningful understanding to investors. These meetings are as outlined on the next page.

Feedback

As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to MSM's Investor Relations team via email at: investor.relations@msmsugar.com.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Investor Relations

A. Engagements



B. Main Areas of Discussion/Concern by Shareholders (FY2022)

1 Financial Performance

- MSM reported its financial quarterly results with detailed explanations on the performance of the Group and its subsidiaries.
- MSM conducted its 11th AGM virtually and also had virtual engagements with analysts, external shareholders and the like.

2 Operational Performance

- MSM provided operational parameters such as utilisation rate, yield, and production volumes for the year 2022. These parameters have been reviewed and shared with analysts during the quarterly result announcements.
- Due to boiler issues at MSM Johor, production volumes were affected. As such, detailed ramp-up plan to rectify the issues are ongoing.

3 Equity Stake Disposal of MSM Johor

- MSM has to consider the strategic fit of any potential partners with MSM's aspirations such as to expand its export sales volume.
- Any new potential partner must bring offtake benefits to MSM in the export market in order to add to the sustainability of the MSM Johor blueprint.
- The potential partner will also need to add further value in terms of commercial as well as operational and technical support.

4 Average Selling Price

- Refined sugar is a controlled-price item with a government-fixed ceiling price for the domestic market at RM2.85/kg, which is among the lowest sugar retail ceiling price in the world.
- MSM constantly keeps the government informed on the global sugar market movement. When there is any significant increase of sugar and unfavourable forex costs for production, MSM will inform the government to consider a revision in the ceiling price.
- To alleviate the significant rise in input costs in 2022, MSM continues to engage for support from the government through an increase of the gazetted ceiling price or subsidy in-lieu.

5 NY11 Raw Sugar Price

- The price of NY11 has remained high in FY2022 mainly related to tight global supply and congestion in major raw sugar exporting countries' port.
- In addition, NY11 correlated to global energy prices has surged to unseen level in more than a decade due to the Russian-Ukraine conflict. Higher energy price incentivises sugar mills to produce more ethanol than sugar.
- MSM's hedging strategy is deliberated at the bi-weekly Trading Committee meeting guided by experts' market views and MSM's business requirements.

C. Research Coverage/Analysts



Affin Hwang
Investment Bank



AmInvestment
Bank



CGS-CIMB
Securities



MIDF
Research



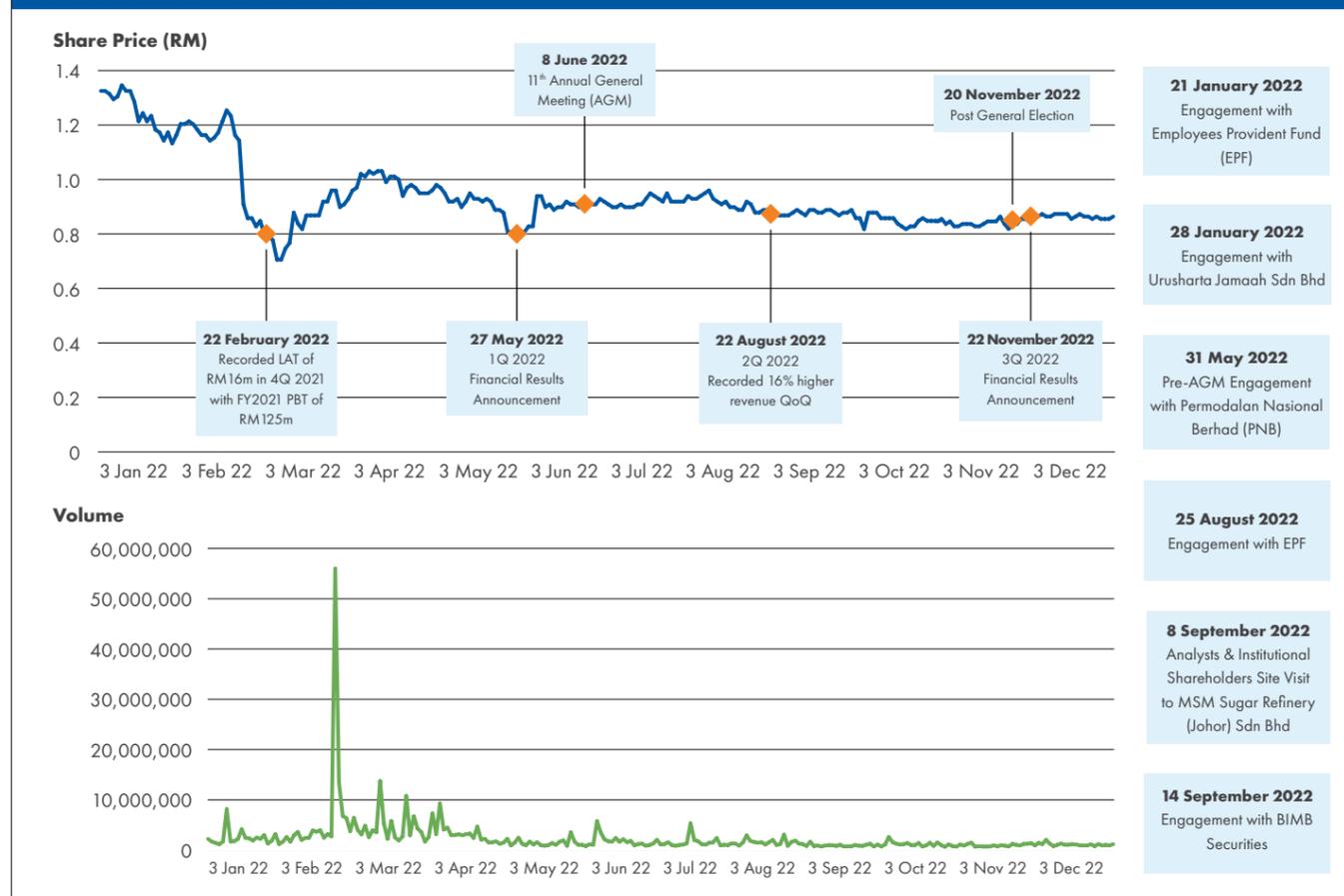
BIMB
Securities
(new research house coverage initiated in 2022)

D. Share Price

Open:
3 January
2022 **RM1.30**

Close:
30 December
2022 **RM0.85**

Investor Relations Calendar 2022



Shareholder Information as at 31 March 2023:

FGV Holdings Berhad remained as our largest shareholder with 51.00% interest via a direct shareholding of 10.97% and an indirect shareholding of 40.03% by FGV Sugar Sdn Bhd. The other significant shareholders are Koperasi Permodalan FELDA Malaysia Berhad holding 15.27% and Amanahraya Trustees Berhad with 7.49%. The balance 26.24% are held by other local corporations, Malaysian retail and foreign shareholders.



To see further shareholder information, refer to Analysis of Shareholdings as at 31 March 2023 on pages 242 to 244.

Statement by the Board

The Board acknowledges the importance of sound Corporate Governance practices and believes that this improves long-term success and performance. We are committed to setting the appropriate tone at Board-level and achieving high standards of Corporate Governance practices, values and business conduct across MSM Group.

The Board is satisfied that MSM has complied with the provisions and applications of the main MCCG 2021 principles for the FY2022 except for Practice 5.10 (Policy on gender diversity for Senior Management). Explanations on the application and departure of the Practices including the related measures and timeframes to apply the departure practices are provided in the CG Report 2022 which is accessible on our corporate website at www.msmsugar.com.

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board of Directors approved on 31 March 2023.

On behalf of the Board

DATUK SYED HISHAM SYED WAZIR
Chairman

Additional Compliance Information

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

Corporate Proposals

There were no corporate proposals during the financial year ended 31 December 2022.

Non-Audit Fees

The amount of non-audit fees rendered to the Group by its external auditors, PricewaterhouseCoopers PLT (PwC), for the financial year ended 31 December 2022 amounted to RM190,000.

Material Contracts

Save for those disclosed below, there is no other material contract entered into by the Company or its subsidiaries either still subsisting at the financial year ended 31 December 2022 or entered into since the end of the previous financial year ended 31 December 2021:

1. Sale and Purchase Agreement dated 17 February 2022 between MSM Prai Berhad (MSM Prai) and Lega Perkasa Trading Sdn. Bhd. (Sale and Purchase Agreement) for the disposal of the plant and machinery for a consideration of RM11,300,000.00. As at the date of this Annual Integrated Report, the Sale and Purchase Agreement has been completed.
2. Sale and Purchase Agreement dated 29 July 2022 between MSM Prai and C.F.A. Realty Sdn. Bhd. for the disposal by MSM Prai of two (2) pieces of land for a consideration of RM16,113,258.00 (Sale and Purchase Agreement for Disposal of Lands). The two (2) pieces of lands are held under the following title details:
 - (a) HS(D) 119796 PT 121676 Mukim Klang Daerah Klang Negeri Selangor measuring approximately 10,670 square meters; and
 - (b) HS(D) 119797 PT 121677 Mukim Klang Daerah Klang Negeri Selangor measuring approximately 9,697 square meters.

As at the date of this Annual Integrated Report, the Sale and Purchase Agreement for Disposal of Lands is still pending completion.

Disclosure of Recurrent Related Party Transactions Of Revenue Nature (RRPT)

At the 11th Annual General Meeting (AGM) held on 8 June 2022, the Company had obtained a Shareholders' mandate from its Shareholders for the existing Recurrent Related Party Transactions of revenue or trading nature for MSM and its subsidiary companies (MSM) and Shareholders' mandate for the new Recurrent Related Party Transactions of revenue or trading nature for MSM Malaysia Holdings Berhad (MSM) (RRPT Shareholders' Mandate). The RRPT Shareholders' Mandate is valid until the conclusion of the forthcoming 12th AGM of the Company.

The Company proposes to seek the following at its forthcoming 12th AGM:

- a) renewal of Shareholders' mandate for the existing recurrent related party transactions; and
- b) Shareholders' mandate for the new recurrent related party transactions.

If approved by the Shareholders, the above proposed Shareholders' mandate will be valid until the conclusion of the Company's next 13th AGM.

The details of the proposed renewal of the RRPT Shareholders' Mandate will be disclosed in the Circular to Shareholders which will be sent together with the Notice of the 12th AGM.

Additional Compliance Information

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the Recurrent Related Party Transaction of revenue or trading nature entered into during the financial year ended 31 December 2022 are as follows:

Transacting Parties	Nature of Relationship	Nature of Transaction	Transaction Value for the year ended 31 December			
			2022 (estimate) RM' 000	2022 (actual) RM' 000		
MSM Malaysia Holdings Berhad Group (MSM) and FGV Group	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of management services	4,000	3,085
MSM Malaysia Holdings Berhad Group (MSM) and FGV Prodata	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of information technology (IT) services	1,000	49
MSM Malaysia Holdings Berhad Group (MSM) and FGV Security	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of security services	3,000	2,037
MSM Malaysia Holdings Berhad Group (MSM) and FELDA	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Office rental Address Level 44, Menara FELDA, Platinum Park No. 11, Persiaran KLCC 50088 Kuala Lumpur, Malaysia Area 15,631 sq ft Duration 23 November 2022 to 22 November 2025 Rental Payment Monthly	2,000	889
KPF Trading and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Sale of refined sugar	50,000	3,633
MSM Malaysia Holdings Berhad Group (MSM) and KPF Niaga	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of motor vehicle insurance	1,000	(nil)
MSM Malaysia Holdings Berhad Group (MSM) and Felda Travel	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of travel and accommodation services	1,000	85

Additional Compliance Information

Transacting Parties	Nature of Relationship			Nature of Transaction	Transaction Value for the year ended 31 December	
					2022 (estimate) RM' 000	2022 (actual) RM' 000
MSM Malaysia Holdings Berhad Group (MSM) and Felda D'Saji	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of refreshments	1,000	78
MSM Malaysia Holdings Berhad Group (MSM) and FGV Transport	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of freight forwarder and transportation services	40,000	16,196
MSM Malaysia Holdings Berhad Group (MSM) and FGV Transport	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Supply of courier services	1,000	(nil)
MSM Malaysia Holdings Berhad Group (MSM) and FGV Integrated Farming	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Rental of land Address Mukim Chuping, Perlis, Malaysia Area 369.08 Ha Duration 10 March 2021 to 9 March 2022 Rental Payment In advance for first 6 months, and monthly thereafter	2,000	(nil)
FGV Group and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Sale of refined sugar, molasses, mud cake and other sugar products	11,500	99
MSM Malaysia Holdings Berhad Group (MSM) and FGV Applied Technologies	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Provision of research services for product development and technical advice on liquid sugar and premix powder manufacturing process	500	126
FIC Supplies and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders • FGV Sugar • KPF • FGV • FELDA	Interested Directors • Azman Ahmad • Nik Fazila • Dato' Amir	Interested Person Connected • FAHC	Sale of refined sugar, molasses, mud cake and other sugar products	17,500	(nil)

Statement on Risk Management and Internal Control



This statement is made pursuant to: **Rule 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, Malaysian Code on Corporate Governance 2021 and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.**

RESPONSIBILITY AND ACCOUNTABILITY

The Board is committed in maintaining and continuously improving the MSM Group's and its subsidiaries' system of risk management as well as internal controls and is pleased to promote this through the following statement for the Group during the year under review.

The Board acknowledges the importance of a sound risk management system and internal control practices for good corporate governance with the objective of safeguarding shareholders' investments and the Group's assets. The Board affirms its overall responsibility for the Group and has undertaken a review on the adequacy and effectiveness of those systems and compliance with relevant laws and regulations. In view of the inherent limitations in any system of internal controls, this system is designed to manage the risk to a tolerable level in achieving the corporate objectives. The system can only provide with reasonable assurance on the state of internal control.

Audit, Governance and Risk Committee

Audit, Governance and Risk Committee (AGRC) at Board level supports the Board in its risk management and internal control responsibilities. AGRC is tasked with:

Overseeing risk management and governance aspects of the Group; and

Assessing the risks and control environment and overseeing financial reporting, including the external and internal audit.

RISK MANAGEMENT

Risk Management is regarded by the Board to be an integral part of the Group's organisational processes, with the objective of maintaining sound system and ensuring its continuing adequacy and integrity. Risk Management is firmly embedded in the Group's Risk Management Framework.

The Management's key role is to identify significant risks, evaluate the risk profile and drive risk mitigation strategies on a regular basis. The management team is also responsible for risk management within their functional areas and to ensure that risk management is embedded in their day-to-day business processes.

The Group's Risk Management function; undertaken by Corporate Governance & Risk Management (CGRM) adopts an effective and progressive Enterprise Risk Management System (ERMS) to identify, evaluate and monitor the risks faced by the Group, and Management takes specific measures to mitigate the risks. CGRM's purview include the following responsibilities:

<p>Reviewing, assessing, enhancing and monitoring the Group's Risk Management Framework including risk management policies and procedures</p>	<p>Providing guidance to all MSM Group's operations in identifying and assessing risks, developing relevant and effective mitigation strategies to manage risks</p>	<p>Maintaining the Risk Register for the MSM Group</p>	<p>Preparing risk reports to the Audit, Governance and Risk Committee (AGRC) and Board</p>	<p>Overseeing MSM Group's Business Continuity Management</p>
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Statement on Risk Management and Internal Control

Risk Management Framework and Process

In ensuring effective oversight of risks enterprise-wide level, we have embedded risk management in all our key processes and activities. These are guided by our Enterprise Risk Management and Framework, which was designed in accordance with ISO 31000 Risk Management - Guidelines. An overview of the Group's Risk Management Framework is depicted below:



The Risk Management Framework: MSM has adopted the 4 lines of defence model as the fundamental approach to ensure the effectiveness of risk management.

The framework seeks to minimise risk incidents and maximise business outcomes by allowing us to:

Understand the risk environment, and assess the specific risks and potential exposure	Monitor and seek assurance on the effectiveness of the management of these risks and intervene for improvement where necessary
Determine how best to deal with these risks to manage overall potential exposure	Escalate to the Management and Board on a periodic basis on how significant risks are being managed, monitored, assured and improved
Manage the identified risks in appropriate ways	

Overview of Risk Reporting Architecture is illustrated below:



The process of risk management adopted by the Group is illustrated below:



Statement on Risk Management and Internal Control

Enterprise Risk Management (ERM) System

The Enterprise Risk Management framework enables the subsidiaries, operating units and support functions to exercise a consistent approach for risk identification and institutes a common platform to deliberate and manage risks.

The Group has in place a continuous and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in the business environment.

Below are the steps of compilation of risk information conducted within the Group:

Review & Update 1) Risk Owner Review, update the Risk Register (RR) quarterly in line with the company's strategies and objectives.	Review & Approve 3) Head of Operation (HOO)/ Head of Group Supply Chain (HGSC) Review and approve/reject the RR & the top 10 risk for each subsidiary.
Review, verify, confirm and revise 2) Risk Champion Review, verify, confirm and revise the Risk Register (RR) that has been updated by Risk Owners. Risk Champion selects the Top 10 Risks for the companies every quarter (Select from established Risk Registers).	Review & Approve 4) Group Chief Operating Officer (GCOO)/ Head Group Commercial (HGC) Review and approve/reject the top 10 risk for each subsidiary
	Review & Determine 5) Sector Risk Champion Review and determine the top 10 risk for the sector.
	Review & Approve 6) Sector Head Review and approve the top 10 risk for the sector.
	Report to Board Board Reporting on quarterly basis.



Further information about the Key Risks & Mitigations on pages 125 to 126.



Statement on Risk Management and Internal Control

RISK MANAGEMENT ACTIVITIES

Continuous integration between strategies and risk management was carried out to ensure risk management approach is embedded into business decision.

Listed below are the key risk management activities undertaken by CGRM to reinforce the risk management culture within the Group:

Establishment of Risk Management Committee	Risk Committee was established on February 2022, consist of 11 members. 1 st Risk Committee Meeting was conducted on 18.02.2022. By the end of year 2022, the Risk Committee Meeting has resided over nine meetings.
Quarterly Risk Reporting for MSM Group	CGRM published its Quarterly Risk Report as a reporting tool to inform the Management, Board Committees and Board of the key risks horizon associated with the Group's business and operations covering the Top 10 and other key risks.
Review of Risk Registers	Existing risk registers were reviewed jointly with the respective risk owners at Operation Site via MsTeam approach, monthly Risk Committee meeting to ensure the analysis and corresponding mitigation measures and action plans were effective and adequately documented.
ERMS Training	Training for new joiners for MSMH
Preliminary Risk Assessment	i) Risk on Russia vs Ukraine ii) Taiwan vs China iii) Flood
Key Emerging Risk	i) Water pollution ii) Climate Change iii) Infectious Disease iv) Threat v) Ukraine - Russia Conflict vi) Forex/Financial - Reintroduction of GST - OPR vii) Energy viii) Food Security ix) Conflicts China vs Taiwan x) Cyber Threat
Corruption Risk Management (CRM) Training	Conducted CRM Review training for companies and corporate centres to review on the identified corruption risks.
Risk Communication/Blast	The Risk Communication/Blast are: 1) Risk Management Framework & Process 2) Pandemic Risk 3) Beware of the flood risk 4) Risks During Fasting month 5) Monkeypox virus 6) Travel Advisory 7) 4 approaches in Risk Mitigation 8) Risk Management 9) Risk Exposure at a Glance 10) Strategic Handling of Risks 11) Review on MSM Corruption Risk Management 12) The risk of flooding

Statement on Risk Management and Internal Control

KEY RISKS & MITIGATIONS

Risk Category	Category	Description	Mitigation
Market Risk			
Freight Charges (CIF)	Economic	Increased global freight costs worldwide due to limited availability of vessels plying routes, new vessels in the market, due to slower production of vessels as a result of worldwide shipyard closures amid the recent Pandemic	i. Monitor and update global freight charges to decide on next course of action in the best interest of the company
Volatility in foreign currency exchange (FOREX) movements	Economic	Exposure to volatility in movement of the global currency markets	i. Monitor and update currency market to decide on next course of action in the best interest of the company
Volatility in raw sugar price movement	Economic	Exposure to volatility in global raw sugar price movement (NY11)	i. Monitor and update raw sugar price to decide on next course of action in the best interest of the company
Financial Risk			
Net Current Liability	Economic	Net current liabilities indicate an inability to meet short term obligation.	i. Monitoring cost and pricing structure
Global inflation affecting primary input cost items	Economic	Ukraine Russia war has caused disruptions to energy prices. Global oil and gas prices has increased from the global sanction imposed on Russia. This indirectly cause refining cost to increase for MSM. NY11 also has increased inline with oil prices as sugar miller switched from sugar to ethanol production. Global interest rates has been increasing leading to a weaker Ringgit and a stronger US Dollar leading to inflation and margin compression to the Group.	i. Hedging natural gas and raw sugar ii. Negotiation for better freight cost iii. Appeal for ceiling price and maximise average selling price
Rising energy prices (Crude Oil & Natural Gas)	Environment (renewable energy)	Oil prices have been trending higher surpassing the mark	i. Hedging of Oil prices
Non-compliance of Covenant will trigger an Event of Default (EOD)	Economic	EOD under General Facility Agreement (GFA) will result in financier, accelerating repayment and may trigger cross-default on the other loans	i. Refinancing
Lower cash generation from operations	Economic	A low utilisation factor will result in high refining cost	i. Financial restrategisation
Catastrophe Risk			
Exposure to Pandemic	Social	The outbreak now constitutes a global health emergency that can affect the productivity of an organisation and even a country's economy. Wide and fast spread of virus infection from one source country to another, force governments (local and/or abroad) to take extreme preventive and mitigating measures on a wide scale over a period, including travel bans	i. All staff/contractors have to abide to the Standard Operating Procedures initiated by the government while working ii. Urging all staff/contractor to be fully vaccinated and take up the booster dose iii. Implementing control measures at plant to curb COVID-19 spread
Health and safety of our workers	Social	Industrial accidents and health pandemics can lead to lowering of reputation, loss of reliability and contamination of products. Quality is of paramount importance	i. Ensure all employees are aware of matters pertaining to hygiene and cleanliness, safety and health epidemics ii. Fully comply with Industrial Safety and environment regulations



Statement on Risk Management and Internal Control

KEY RISKS & MITIGATIONS

Risk Category	Category	Description	Mitigation
Strategic Risk			
Low utilisation factor	Operational	Low melting/melting stop causes the low utilisation factor	i. Repair and maintenance ii. Engage external technical consultant & OEM technical advise
Operational Risk			
Failure of critical equipment/machinery (Failure/tripping of steam boiler during normal operation, Raw Sugar Weigher Malfunction, Failure of turbine generators, Failure of critical equipment/ machineries)	Operation	<ul style="list-style-type: none"> Aging machinery, computer software and hardware malfunctions, interruption of utility supplies, production disruption and loss. Malfunction of the weigher will result in error of weighing and wrong recording Turbine generators tripping will affect the plant production. Any breakdown or downtime will cause plant to shut down or melting stop All these lead to higher operating cost, lower efficiency and loss of customer confidence 	<ul style="list-style-type: none"> Comprehensive plant and machine upgrading and replacement programme Planned and scheduled maintenance and service. Ensure skilled and trained operators and technicians for maintenance work. Establish and update standard operating procedures and hazard Identification, Risk Assessment and Determining Control for all activities Establish a consistent schedule of maintenance and servicing of our refining machinery, and where identified have replaced aging machinery with machine upgrades and replacements. Ensure maintenance plan are carried out consistently
Cyber Security	Operation	Failure of Data Migration Cyber Threats Exposure to threats which are classified under Cyber Security Risk due to IT resources, communications and network systems not being adequately protected	i. Affirm data with process owner and sign off ii. Completeness Data Checking and Sign Off iii. Evaluate Cut Over strategy iv. Identify major changes for critical object v. Perform comprehensive testing before and after migration i. Incorporate network protection and security on IT/IT communication resources ii. Incorporate network protection and security on IT resources such as firewall iii. Roll Out Cyber Security Assessment
Environmental Issue-IETS for waste water, mud cake disposal & air emission	Environment	To fully comply with the Environmental Act & DOE requirements	i. Competent persons are trained ii. Engage environmental consultant
Warehouse Security and Flooding	Operational/Social	Goods/inventory kept at external warehouses at the risk of getting stolen/natural calamities.	i. Monitoring through CCTV

Statement on Risk Management and Internal Control

COVID-19 Pandemic

The pandemic has had significant impact on the Organisation. MSM Group has taken several initiatives in attendance to COVID-19 as per below:

Post-COVID-19 Risk Assessment

Since 2020, the COVID-19 Pandemic has been addressed in the risk assessment by the representatives. The risk that has been updated by the representative also taking into consideration on the monitoring of the employee that been infected with COVID-19.

- COVID-19 Pandemic and the effect towards the Group's investment initiative**
Strategies have to be realigned to the market landscape post MCO by prioritising the right initiatives with the highest benefit to cost parity.
- Rising energy prices (Crude Oil & Natural Gas)**
Brent crude oil prices has been trending higher surpassing the USD 139 per barrel mark, in turn increase the natural gasses price. Higher energy cost may reduce the overall profit margin of the Group.
- Freight Charges (CIF)**
The freight charges (CIF Premium) of incoming raw sugar vessels.
- Exposure to Pandemic**
Employees are exposed to epidemic or pandemic (such as COVID-19, influenza, SARS, H1N1 etc.)

COVID-19 Report

COVID-19 Report has been reported to the Top Management weekly and also reported to the Board quarterly. In addition, the MSM Group takes initiative to report to FGV Group Risk.



Statement on Risk Management and Internal Control

INTERNAL CONTROL

The Group manages its risks by implementing various internal control mechanisms. The mechanisms apply to all subsidiaries within the Group.

The key elements of our internal control structure are as follows:



Ethics and Integrity

MSM is committed in applying the highest standards of ethical conduct and integrity in conducting its business activities by putting in place adequate Policies & Procedures as the fundamentals for internal control. It is also aligned with the Guidelines on Adequate Procedures for Corporate Liability, which are based on the five guiding principles of T.R.U.S.T. In tightening up the Group's internal control, MSM has developed/enhanced through the following:

Integrity Activities

MSM Malaysia Holdings Berhad has undertaken the following key activities to show our commitment to be an ethical and professional organisation, anchored on ethics, integrity and accountability:

- Corruption Risk Management Review
- MSM Integrity Pledge
- Governance, Integrity & Risk Periodic Communication
- MSM Anti-Bribery Policy Statement
- Central Depository System
- Establishment of new and revised Policies
- Integrity Compliance Assessment
- Governance and Integrity E-Learning
- Virtual Prodigy Induction
- MSM Integrity Pledge for new joiner
- Vendor Integrity Attestation
- Corporate Governance & Risk Management update to EXCO

Anti-Bribery Policy Statement

MSM is committed to encourage transparent and good ethical conduct and upholding good image of integrity, transparency and accountability in all aspects of its business. The anti-bribery policy statement has been updated and approved on 4 October 2021 and been uploaded in the web

<https://www.msmsugar.com/our-company/corporate-governance>

MSM Whistleblowing Channel (System) & Committee Channel

Allows for reporting of any allegation of misconduct within the Group is also a preventive measure against unethical conduct. The channel thereby supports MSM to maintain the highest standard of ethical and legal conducted within the Group.

<https://www.msmsugar.com/our-company/corporate-governance>

Committee

The MSM Whistleblowing Committee comprises of the 7 members from the management.

MSM External Gift Entertainment and Hospitality Policy

MSM Group recognises that the giving and accepting of gifts, entertainment and hospitality can be part of building normal business relationships. The aim of the Policy is to ensure that the highest standards of integrity are maintained and that it can never be suggested that there was an improper motive behind the offer or acceptance of the gift, entertainment and hospitality will unduly influence the recipient. The policy was approved by the Board.

MSM Referral Policy

Board has approved the MSM Referral Policy. The purpose of this policy is to establish the rules and principles for referrals on criminal cases including but not limited to fraud, bribery and abuse of power to Enforcement Agencies.

This policy provides guided parameters to ensure that referral protocols are adhered to in relation to when the information is received, the results of investigation and any other matters related to it.

MSM Conflict of Interest Policy

Board has approved of MSM Conflict of Interest Policy. All employees and third parties of MSM Group shall act, at all times, in the best interest of MSM Group and not based upon their personal interest. Employees must not put themselves in a position where they are involved in an activity for personal gain, to themselves, their 'relative', 'associate' or third parties, or any activity that conflicts with MSM Group's interest.

Statement on Risk Management and Internal Control

Authority and Responsibility

Organisation Structure

The Group has a comprehensive organisational structure which organises its business operations. The organisational structure provides clear lines of reporting, authority and segregation of duties, which promotes ownership, accountability, and delegated authority.

Limits of Authority (LOA)

A documented Limits of Authority (LOA) with clear lines of accountability and responsibility serves as a tool of reference to identify the appropriate approving authority at various levels of management including matters that require the Board's approval.

In 2022, the management appointed PricewaterhouseCoopers (PwC) to review the MSM LOA and benchmark it against external companies. The objectives of this exercise are to ensure that the authority limits in the MSM LOA are comparable with industry practice, while also being practical for the MSM Group and aligning with current policy, procedure, and operational practices. The review and benchmarking report and revised MSM LOA were approved by the board and subsequently implemented effective on 1 December 2022.

Job Description

Each role in the organisation structure is supported by clear description of job responsibilities which are linked to the vision and goals of the Group. A well developed and effective job description has been designed for clarity of responsibilities and relationship between functions which will enhance collaboration across the Group moving towards operational efficiency besides supporting the succession planning. It can retain and motivate the best talents by ensuring that employee's engagement and helps drive high performance culture.

MSM Code of Business Conduct and Ethics (CoBCE) Policy for Employees

Board has approved the revision of MSM CoBCE Policy. The MSM CoBCE Policy guides our employees in embracing the Group's values and in complying with applicable law and regulations through honest, transparent and ethical business practices. The MSM CoBCE Policy covers areas such as compliance, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality and conflict of interest.

MSM Whistleblowing Policy

On 21 March 2022, the Board has approved the revision of MSM Whistleblowing Policy.

The purpose of this policy is to establish the rules and principles for the process of complaint management, investigation and protection for whistleblowing in MSM Group.

The MSM Whistleblowing Policy provides clarity of oversight and responsibilities of the whistleblowing reporting process, protection and confidentiality afforded to the whistleblower is in place in the MSM Group.

Corruption Risk Management Review

The report on the Corruption Risk Management assessment was presented to the Top Management on 27 June 2022. It was then tabled to the AGRC and Board for information on 15 August 2022 and 22 August 2022 respectively.

The review session was conducted on 5 December 2022. Continuous session of the CRM tentatively to be conducted in Quarter 1, 2023.



Statement on Risk Management and Internal Control

Policies and Procedures

The process of development and revision of policies and procedures in MSM is governed by the MSM Governance of Policies and Procedures Policy to ensure documents are thoroughly reviewed by the relevant stakeholders, in compliance with the Malaysian laws and regulations and appropriately approved by the authorised authority. The monitoring mechanism is also embedded in the Governance of Policies and Procedures Policy to ensure the documents are still relevant and reflect the current business environment.

Policies

Policies are designed to manage risks and ensure compliance to related requirements of the Group's operations and aligned to the FGV Holdings Berhad's requirement. New policies are formulated as business needs or risks arise and to uphold proper governance of MSM Group. The following are the new and revised policies that were endorsed by AGRC and approved by the Board in 2022:

21 March 2022 Corporate Governance & Risk Management MSM Whistleblowing Policy	27 May 2022 Group Supply Chain MSM Group Inventory Management Policy	27 May 2022 Group Finance MSM External Auditor Policy
1 December 2022 Group Finance MSM Credit Control & Sales Payment Term Policy	1 December 2022 Group Finance MSM Group Inventory Reporting Policy	1 December 2022 Group Finance MSM Limit of Authorities

Statement on Risk Management and Internal Control

Monitoring

Financial and Operational Review

Financial and Operational Review is a mechanism adopted to measure MSM Group's actual performance against its business plan, previous year's performance and the annual budget.

This review is undertaken on a regular basis by an Executive Committee comprising senior management of the Group. The Group Chief Executive Officer, Group Chief Operating Officer and Chief Financial Officer present MSM Group's Quarterly Financial Information and Operational Performance analysis to the Audit, Governance and Risk Committee prior to Board's approval and subsequent release to Bursa Malaysia.

Annual Business Plan and Budget

Business Planning, which is coordinated and aligned to specific objectives, is essential to direct the activities and initiatives of each Subsidiary and Head Office towards meeting the Group's short term and long-term objectives. With this view, the Group emphasises on a comprehensive annual budgeting process to ensure that the Group's Business Plan are in line with Strategic Plans approved by the Board.

Competency

MSM views its employees as invaluable assets. The Group is committed to its employees and professional development at all levels.

In achieving the next level of productivity, excellent service, and performance, MSM has developed SWIIT Values (S for Sense of belonging, W for winning attitude, I for Integrity, I for Innovation and T for Teamwork) which bring meaningful purpose, practical strategies and goals together to make the organisation aspirations more credible and achievable.

S SENSE OF BELONGING **W** WINNING ATTITUDE **I** INTEGRITY **I** INNOVATION **T** TEAMWORK

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function. The internal audit function is to provide internal audit services to assist the Audit, Governance and Risk Committee (AGRC) and Board in reviewing the effectiveness, adequacy and integrity of the Group's systems of internal control in managing risks.

More details on Internal Audit activities covered in page 114.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement of Risk Management and Internal Control as per Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guideline (APPG) 3 issued by Malaysian Institute of Accountants. APPG3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT BY THE BOARD

Based on the processes and measures undertaken by the Board and its Committees during the financial year and assurance provided by the Group Chief Executive Officer and Chief Financial Officer, the Board is of the view that the risk management framework and internal control system as described in this Statement is sound and effective to safeguard the shareholders' investment and MSM Group's assets. This Statement is made in accordance to the resolution of the Board dated 31 March 2023.



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Statement on Directors' Responsibilities

The Companies Act 2016 requires the Directors to prepare financial statements (which include the consolidated statements of financial position and the consolidated statements of comprehensive income of the Group) for each financial year in accordance with Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia for entities other than private entities and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), and to lay these before the Company at its Annual General Meeting.

Incorporated on pages 145 to 240 of this Annual Integrated Report, are the financial statements of the Company and the Group for the financial year ended 31 December 2022. The Companies Act 2016 placed responsibility on the Directors to ensure that the consolidated statements of financial position provide a true and fair view of the state of affairs of the Group as at 31 December 2022 and the consolidated statement of comprehensive income provides a true and fair view of the results of the Group for the financial year ended 31 December 2022.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that a true and fair consolidated statement of financial position and statement of comprehensive income and documents required by the Companies Act 2016 to be attached are prepared for the financial year to which these financial statements relate.

The Companies Act 2016 also requires the Directors to cause the Company to keep such accounting and other records in such manner that enables the Directors to sufficiently explain the transactions and financial position of the Company and the Group, and to prepare a true and fair statement of comprehensive income and statement of financial position and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.



Directors' Report

The Directors hereby submit the annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 20 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM' 000	Company RM' 000
(Loss)/Profit for the financial year	(178,712)	100,270

DIVIDENDS

On 10 March 2022, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM21.09 million in respect of the financial year ended 31 December 2021, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

The Board of Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

All material transfers to and from reserves or provisions during the financial year are disclosed in the financial statements.

DIRECTORS

The Directors in office during the financial year and during the previous period from the end of the financial year to the date of the report are as follows:

Datuk Syed Hisham Syed Wazir	
Dato' Rosini Abd Samad	
Datuk Dr. Abd Hapiz Abdullah	
Dato' Muthanna Abdullah	
Choy Khai Choon	
Nik Fazila Nik Mohamed Shihabuddin	
Dato' Mohd Nazrul Izam Mansor	(Appointed on 04.10.2022)
Raja Faridah Raja Ahmad	(Appointed on 28.10.2022)
Fakhrunniam Othman	(Appointed on 23.02.2023)
Datuk Lim Thean Shiang	(Resigned on 23.08.2022)
Dato' Amir Hamdan Hj Yusof	(Resigned on 28.10.2022)
Azman Ahmad	(Resigned on 01.01.2023)

The names of Directors of subsidiaries are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from holding company's long term incentive plan ("LTIP") as disclosed in Directors' Interest in Shares and Debentures.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its related corporations during the financial year except as follows:

Shareholdings in MSM Malaysia Holdings Berhad

	Number of ordinary shares				At 31.12.2022
	At 1.1.2022	Acquired	Granted	(Disposed)	
Azman Bin Ahmad	3,900	-	-	-	3,900

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and the Company for the financial year ended 31 December 2022 are as follows:

	Group RM' 000	Company RM' 000
Principal auditors' remuneration:		
- Audit fee – current year	463	170
- Non-audit fee – current year	190	190
- Other assurances services	284	284
	937	644

Details of auditors' remuneration are set out in Note 11 to the financial statements.



Directors' Report

DIRECTORS' REMUNERATION

The details of the Directors' remuneration for the financial year ended 31 December 2022 are set out below:

	RM'000
Directors' remuneration:	
- Fees	1,597
- Meeting allowances	494
- Benefits in kind	42
- Other benefits	12
	2,145

Details of Directors' remuneration are set out in Note 12 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The total amount of insurance premium paid by the Group during the financial year amounted to RM82,690 (2021: RM82,690).

There were no indemnity given to or insurance cover for the auditors of the Group and of the Company during the year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

IMMEDIATE HOLDING COMPANY

The Directors regard FGV Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

ULTIMATE HOLDING BODY

The Directors regard FELDA, a body set up under the Land Development Act 1956, as the ultimate holding body of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401 - LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 24 March 2023. Signed on behalf of the Board of Directors:

DATUK SYED HISHAM SYED WAZIR
CHAIRMAN

CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur



Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Syed Hisham Syed Wazir and Choy Khai Choon, two of the Directors of MSM Malaysia Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 145 to 240 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 24 March 2023.

DATUK SYED HISHAM SYED WAZIR
CHAIRMAN

CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Dr. Mazatul 'Aini Shahar Abdul Malek Shahar, the Officer primarily responsible for the financial management of MSM Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 145 to 240 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DR. MAZATUL 'AINI SHAHAR ABDUL MALEK SHAHAR
MIA membership no. 42107

Subscribed and solemnly declared by the abovesigned Dr. Mazatul 'Aini Shahar Abdul Malek Shahar in Kuala Lumpur on 24 March 2023, before me.



Tetuan Khaw & Partners,
Peguambela & Peguamcara
Tingkat 6, Menara Boustead
69, Jalan Raja Chulan,
50200 Kuala Lumpur

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MSM Malaysia Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 145 to 240.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessment of goodwill</p> <p>As at 31 December 2022, the Group has goodwill of RM576.2 million.</p> <p>We focused on this area as the recoverable amount of the cash generating unit ("CGU") is based on value-in-use ("VIU") calculations, which require management's judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, sales volume, freight charges, landed cost, natural gas price, terminal value growth rate and discount rate.</p> <p>Refer to Note 3(d) in the significant accounting policies, Note 5 in the critical accounting estimates and judgment and Note 19 to the financial statements.</p>	<p>We performed the following procedures on the cash flow projections to support the impairment assessment of goodwill prepared by the management and approved by the Board of Directors of the Company:</p> <ul style="list-style-type: none"> We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, sales volume, freight charges, landed cost, natural gas price, terminal value growth rate and discount rate by comparing with business plans, historical results and market trends; We assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results; We examined the sensitivity analysis prepared by the management on selling price, raw sugar price and natural gas price to evaluate the impact on the impairment assessment; and We assessed the adequacy of the disclosures in relation to goodwill in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>
<p>Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill</p> <p>The carrying values of property, plant and equipment, right-of-use assets and intangible assets other than goodwill of the Group as at 31 December 2022 is RM1,205.5 million, RM98.7 million and RM43.4 million respectively ("non-financial assets").</p> <p>As at 31 December 2022, the Group's market capitalisation of RM597.5 million was below the carrying value of its net assets of RM1,514.7 million which is an indication that the non-financial assets of the Group may be impaired.</p>	<p>We performed the following procedures on the cash flow projections to support the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill prepared by the management and approved by the Board of Directors of the Company:</p> <ul style="list-style-type: none"> We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, utilisation factor, sales volume, freight charges, landed cost, natural gas price and discount rate by comparing with business plans, historical results and market trends;

Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)</p> <p>Consequently, management performed an impairment assessment on the Group's non-financial assets. Management concluded that the non-financial assets were not impaired as at 31 December 2022.</p> <p>We focused on this area as the recoverable amount of the assets based on VIU calculations require management's judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, utilisation factor, sales volume, freight charges, landed cost, natural gas price and discount rate.</p> <p>Refer to Note 3(k) in the significant accounting policies, Note 5 in the critical accounting estimates and judgment and Note 17 to the financial statements.</p>	<ul style="list-style-type: none"> We assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results; We examined the sensitivity analysis prepared by the management on selling price, raw sugar price and natural gas price to evaluate the impact on the impairment assessment; and We assessed the adequacy of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>
<p>Assessment of Funding Requirements and Ability to Meet the Short Term Obligations</p> <p>As at 31 December 2022, the Group had short term borrowings of RM580 million and payables of RM335 million. This resulted in the current liabilities of the Group exceeding the current assets by RM53 million at that date.</p> <p>As a result, we focused on the Group's funding and ability to meet their short term obligations due to the net current liabilities position mentioned above.</p> <p>In assessing the liquidity position of the Group, the Directors have considered availability of cash flows from operations to meet the investing and financing obligations of the Group for the next 12 months from the date of approval of the financial statements. We focused on this area as significant judgement and estimates are made in arriving at the cashflow forecast for the next 12 months from the date of approval of the financial statements in assessing the ability of the Group to meet its obligations as and when they arise.</p> <p>Refer to Note 4(a) - Financial Risk Management - Liquidity Risk to the financial statements.</p>	<p>We checked management's cash flow forecasts for the Group over the next 12 months from the date of the approval of the financial statements to the cash flows approved by the Directors;</p> <ul style="list-style-type: none"> We assessed the reasonableness of the key assumptions used in the cash flow forecasts comprising selling price, raw sugar price, sales volume, refining costs by comparing with business plans, historical results and market trends; We checked the borrowing repayment terms of the Group against the loan agreements; In assessing the sources of funding, we have checked to available loan correspondences, loan agreements and financial support from the immediate holding company, FGV Holdings Berhad; We checked management's sensitivity analysis on the assumptions used in cash flow forecast to assess the possible changes to key assumptions that would cause a deficit in the cash and bank balances; and We checked the adequacy of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>

We have determined that there are no key audit matters to report for the Company.





Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Statements by the Chairman and Group Chief Executive Officer, Corporate Governance Reports (including Audit, Governance and Risk Committee Report and Statement on Risk Management and Internal Control) and other sections of the Annual Integrated Report 2022, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





Independent Auditors' Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants
Kuala Lumpur
24 March 2023

MAHESH A/L RAMESH
03428/04/2023 J
Chartered Accountant

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Continuing operations					
Revenue	6	2,565,985	2,259,698	149,969	254,579
Cost of sales		(2,611,704)	(2,098,744)	-	-
Gross (loss)/profit		(45,719)	160,954	149,969	254,579
Other operating income	7	10,044	9,897	618	28,923
Selling and distribution expenses		(39,639)	(28,293)	-	-
Administrative expenses		(70,808)	(66,106)	(28,664)	(22,336)
Reversal of impairment/ (Impairment) of financial assets, net	8	2,819	(1,635)	-	(13,433)
Reversal of impairment of non-financial assets	17	-	16,427	-	-
Other operating expenses		(249)	(7,682)	-	-
Other (losses)/gains, net	9	(7,025)	41,998	-	-
(Loss)/Profit from operations		(150,577)	125,560	121,923	247,733
Finance income	10	4,022	2,587	-	-
Finance costs	10	(31,984)	(47,045)	(20,894)	(42,387)
(Loss)/Profit before zakat and taxation	11	(178,539)	81,102	101,029	205,346
Zakat	13	(1,000)	(1,000)	-	-
Taxation	14	827	(43,487)	(759)	(4,451)
(Loss)/Profit for the financial year from continuing operations		(178,712)	36,615	100,270	200,895
Discontinued operations					
Profit from discontinued operations, net of tax	16	-	88,738	-	-
(Loss)/Profit for the financial year		(178,712)	125,353	100,270	200,895
Other comprehensive (loss)/income:					
Items that may be subsequently reclassified to profit or loss					
Realisation of foreign exchange reserve upon liquidation of a subsidiary		(1,881)	-	-	-
Currency translation difference		439	143	-	-
Cash flow hedges		3,426	5,542	3,426	5,542
		1,984	5,685	3,426	5,542
Total comprehensive (loss)/income for the financial year		(176,728)	131,038	103,696	206,437



Statements of Comprehensive Income

For the Financial Year Ended 31 December 2022 (Continued)

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Total (loss)/profit for the financial year attributable to owners of the Company arising from:					
- Continuing operations		(178,712)	36,615	100,270	200,895
- Discontinued operations		-	88,738	-	-
		(178,712)	125,353	100,270	200,895
Total other comprehensive (loss)/income for the financial year attributable to owners of the Company arising from:					
- Continuing operations		(176,728)	42,300	103,696	206,437
- Discontinued operations		-	88,738	-	-
		(176,728)	131,038	103,696	206,437
Basic and diluted (loss)/earnings per share attributable to equity holders of the Company (sen)	15				
- from continuing operations		(25.42)	5.21		
- from discontinued operations		-	12.62		
		(25.42)	17.83		

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
ASSETS					
Non-current assets					
Property, plant and equipment	17	1,205,454	1,220,510	1,727	2,288
Right-of-use assets	18	98,656	83,036	4,299	551
Intangible assets	19	619,665	622,185	1,816	1,116
Investments in subsidiaries	20	-	-	2,308,852	1,271,851
Loan due from a subsidiary	21	-	-	-	1,041,370
Lease receivables	22	-	-	81,592	82,732
Deferred tax assets	32	-	-	216	372
		1,923,775	1,925,731	2,398,502	2,400,280
Current assets					
Inventories	24	360,523	421,059	-	-
Receivables	23	282,610	307,243	744	388
Tax recoverable		15,271	-	2,054	-
Amounts due from subsidiaries	25	-	-	16,610	19,265
Amounts due from other related companies	25	968	3,048	-	94
Amount due from immediate holding company	25	-	1	-	-
Lease receivables	22	-	-	2,167	2,167
Deposits, cash and bank balances	28	220,964	194,775	53,608	53,782
		880,336	926,126	75,183	75,696
Assets held for sale	29	7,682	18,982	-	-
Total assets		2,811,793	2,870,839	2,473,685	2,475,976



Statements of Financial Position

As at 31 December 2022 (Continued)

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	30	718,255	718,255	718,255	718,255
Reorganisation deficit	31	(1,039,632)	(1,039,632)	-	-
Merger relief reserve	31	1,733,939	1,733,939	1,733,939	1,733,939
Foreign exchange reserve	31	-	1,442	-	-
Cash flow hedge reserve	31	(241)	(3,667)	(241)	(3,667)
Retained earnings/(accumulated losses)		102,426	302,227	(444,846)	(524,027)
Equity attributable to owners of the Company		1,514,747	1,712,564	2,007,107	1,924,500
Non-current liabilities					
Deferred tax liabilities	32	35,940	39,911	-	-
Borrowings	34	299,210	363,885	299,210	363,885
Loans due to a subsidiary	26	-	-	95,157	92,554
Lease liabilities	37	20,603	3,549	3,415	-
Derivative financial liabilities	27	193	3,571	193	3,571
		355,946	410,916	397,975	460,010
Current liabilities					
Payables	33	334,542	301,234	4,359	6,520
Provision for taxation		-	5,291	-	751
Amounts due to subsidiaries	25	-	-	12	5
Amounts due to other related companies	25	6,937	3,936	60	117
Amount due to ultimate holding body	25	65	-	65	-
Amount due to immediate holding company	25	328	2,982	208	1,887
Loans due to a subsidiary	26	-	-	230	31,228
Borrowings	34	580,257	429,171	63,101	50,236
Lease liabilities	37	1,228	996	568	722
Derivative financial liabilities	27	17,743	3,749	-	-
		941,100	747,359	68,603	91,466
Total liabilities		1,297,046	1,158,275	466,578	551,476
Total equity and liabilities		2,811,793	2,870,839	2,473,685	2,475,976

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

Group	Attributable to owners of the Company						Total RM' 000
	Share capital (Note 30) RM' 000	Reorgani- sation deficit (Note 31) RM' 000	Merger relief reserve (Note 31) RM' 000	Foreign exchange reserve (Note 31) RM' 000	Cash flow hedge reserve (Note 31) RM' 000	Retained earnings RM' 000	
2022							
At 1 January 2022	718,255	(1,039,632)	1,733,939	1,442	(3,667)	302,227	1,712,564
Loss for the financial year	-	-	-	-	-	(178,712)	(178,712)
Other comprehensive (loss)/income for the financial year, net of tax:							
Item that may be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	439	-	-	439
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	-	(1,881)	-	-	(1,881)
- cash flow hedges	-	-	-	-	3,426	-	3,426
Total comprehensive income for the financial year	-	-	-	(1,442)	3,426	(178,712)	(176,728)
Transaction with owners:							
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(21,089)	(21,089)
At 31 December 2022	718,255	(1,039,632)	1,733,939	-	(241)	102,426	1,514,747
2021							
At 1 January 2021	718,255	(1,039,632)	1,733,939	1,299	(9,209)	176,874	1,581,526
Profit for the financial year	-	-	-	-	-	125,353	125,353
Other comprehensive income for the financial year, net of tax:							
Item that may be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	143	-	-	143
- cash flow hedges	-	-	-	-	5,542	-	5,542
Total comprehensive income for the financial year	-	-	-	143	5,542	125,353	131,038
At 31 December 2021	718,255	(1,039,632)	1,733,939	1,442	(3,667)	302,227	1,712,564

Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

Company	Non-distributable				Total RM' 000
	Share capital (Note 30) RM' 000	Merger relief reserve (Note 31) RM' 000	Cash flow hedge reserve (Note 31) RM' 000	Accumulated losses RM' 000	
2022					
At 1 January 2022	718,255	1,733,939	(3,667)	(524,027)	1,924,500
Profit for the financial year	-	-	-	100,270	100,270
Other comprehensive income for the financial year, net of tax:					
Item that may be subsequently reclassified to profit or loss					
- cash flow hedges	-	-	3,426	-	3,426
Total comprehensive income for the financial year	-	-	3,426	100,270	103,696
Transaction with owners:					
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	(21,089)	(21,089)
At 31 December 2022	718,255	1,733,939	(241)	(444,846)	2,007,107
2021					
At 1 January 2021	718,255	1,733,939	(9,209)	(724,922)	1,718,063
Profit for the financial year	-	-	-	200,895	200,895
Other comprehensive income for the financial year, net of tax:					
Item that may be subsequently reclassified to profit or loss					
- cash flow hedges	-	-	5,542	-	5,542
Total comprehensive income for the financial year	-	-	5,542	200,895	206,437
At 31 December 2021	718,255	1,733,939	(3,667)	(524,027)	1,924,500

Statements of Cash Flows

For the Financial Year Ended 31 December 2022

Note	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit for the financial year from:				
- Continuing operations	(178,712)	36,615	100,270	200,895
- Discontinued operations	16(iii) -	88,738	-	-
	(178,712)	125,353	100,270	200,895
Adjustments for:				
Taxation	(827)	43,487	759	4,451
Depreciation of property, plant and equipment	75,345	75,402	750	650
Gain on disposal of property, plant and equipment	(342)	(902)	-	(197)
Depreciation of right-of-use asset	3,483	2,748	704	661
Loan modification costs recharged to a subsidiary	-	-	-	(9,749)
Reversal of impairment of property, plant and equipment	-	(16,427)	-	-
Property, plant and equipment written off	220	2,654	34	-
Amortisation of intangible assets	3,972	4,690	747	1,424
Unrealised (gain)/loss on sugar future contracts	(963)	963	-	-
Unrealised (gain)/loss on Brent crude oil forward option	(1,280)	2,133	-	-
Unrealised gain on foreign currency exchange translation	(4,262)	(1,506)	-	-
Unrealised loss/(gain) on foreign currency exchange forward contracts	16,237	(276)	-	-
Inventories written down to net realisable value during the financial year	13,994	13,436	-	-
Reversal of prior year inventories written down to net realisable value	(13,436)	(65)	-	-
Gain on disposal of a subsidiary	-	(6,287)	-	(28,781)
Gain on liquidation of a subsidiary	(1,591)	-	(408)	-
Dividend income	-	-	(100,000)	(186,000)
Interest income	(4,022)	(2,587)	(35,386)	(44,968)
Interest expense	31,653	47,045	20,563	42,387
Impairment loss of loan due from a subsidiary	-	-	-	13,433
(Reversal of impairment)/Impairment of trade and other receivables	(3,233)	4,835	-	-
Impairment/(Reversal of impairment) loss of amount due from related company	414	(3,200)	-	-
Provision for onerous contracts	8,439	8,754	-	-
Inventories written off	272	6,081	-	-
Allowance for inventory obsolescence	294	10,957	-	-
Zakat	1,000	1,000	-	-
Ineffective portion of cash flow hedge	331	(830)	331	(830)
Non-Cash item from continuing operations	125,698	192,105	(111,906)	(207,519)
Non-Cash item from discontinued operations	16(iii) -	(87,098)	-	-
Operating (loss)/profit before changes in working capital	(53,014)	230,360	(11,636)	(6,624)



Statements of Cash Flows

For the Financial Year Ended 31 December 2022 (Continued)

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		59,412	(176,983)	-	-
Receivables		28,890	(88,355)	(421)	(212)
Payables		16,356	142,378	(2,160)	2,833
Intercompany		2,080	(8,714)	1,086	(9,487)
Changes in working capital from continuing operations		106,738	(131,674)	(1,495)	(6,866)
Changes in working capital from discontinued operation	16(iii)	-	(3,533)	-	-
Cash generated from/(used in) operations		53,724	95,153	(13,131)	(13,490)
Zakat paid		(1,000)	(1,000)	-	-
Tax paid		(23,706)	(36,525)	(3,408)	(3,367)
Tax refunded		-	5,986	-	-
Net cash generated from/(used in) operating activities		29,018	63,614	(16,539)	(16,857)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	36	(51,021)	(41,768)	(159)	(968)
Acquisition of right-of-use assets		(377)	-	(377)	-
Purchase of intangible assets		(1,452)	(1,763)	(1,447)	(326)
Proceeds from disposal of property, plant and equipment		691	902	-	197
Proceeds from disposal of asset held for sale		11,300	-	-	-
Investment in subsidiary		-	-	(241,931)	(122,000)
Repayment of loan by subsidiaries		-	-	276,013	-
Interest received		4,022	2,587	1,041	928
Dividend received		-	-	100,000	186,000
Proceeds from disposal of a subsidiary		-	181,106	-	181,106
Cash inflow from liquidation of a subsidiary		4,013	-	4,013	-
Proceeds from lease receivables		-	-	2,167	2,167
Investing cash (used in)/generated from continuing operations		(32,824)	141,064	139,320	247,104
Investing cash used in discontinued Operation	16(iii)	-	1,815	-	-
Net cash (used in)/generated from investing activities		(32,824)	142,879	139,320	247,104

Statements of Cash Flows

For the Financial Year Ended 31 December 2022 (Continued)

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of loan due to a related company		-	20,000	-	-
Repayment of loan due to a related company		-	(67,232)	-	(10,000)
Repayment of loan due to a subsidiary		-	-	(30,001)	(10,001)
Drawdown of borrowings		1,313,430	1,146,470	-	-
Repayment of borrowings		(1,226,240)	(1,269,676)	(48,750)	(148,006)
Principal payment of lease liabilities		(1,440)	(1,221)	(814)	(827)
Interest payment of lease liabilities		(914)	(241)	(49)	(57)
Interest paid on borrowings		(30,174)	(33,512)	(19,237)	(23,004)
Interest paid on Islamic profit rate swap		(3,015)	(4,930)	(3,015)	(4,930)
Dividend paid		(21,089)	-	(21,089)	-
Changes in restricted cash		(3,348)	(696)	(3,348)	(696)
Net cash generated from/(used in) financing activities		27,210	(211,038)	(126,303)	(197,521)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT					
		23,404	(4,545)	(3,522)	32,726
Effect of foreign exchange rate changes		(563)	2,703	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
		178,082	179,924	37,089	4,363
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR					
	28	200,923	178,082	33,567	37,089

Statements of Cash Flows

For the Financial Year Ended 31 December 2022 (Continued)

Cash flows and non-cash changes in liabilities arising from financing activities are as follows:

Group	At 1 January RM' 000	Cash drawdown RM' 000	Cash repayment RM' 000	Non-cash interest RM' 000	Addition RM' 000	At 31 December RM' 000
2022						
Islamic term loan	414,121	-	(66,759)	14,949	-	362,311
Bankers' acceptance	378,935	1,313,430	(1,189,655)	14,446	-	517,156
Borrowings	793,056	1,313,430	(1,256,414)	29,395	-	879,467
Lease liabilities	4,545	-	(2,354)	914	18,726	21,831
	797,601	1,313,430	(1,258,768)	30,309	18,726	901,298
2021						
Islamic term loan	552,550	-	(170,778)	32,349	-	414,121
Bankers' acceptance	354,550	1,146,470	(1,132,073)	9,988	-	378,935
Borrowings	907,100	1,146,470	(1,302,851)	42,337	-	793,056
Loan due to a related company	47,152	20,000	(67,569)	417	-	-
Lease liabilities	4,942	-	(1,462)	241	824	4,545
	959,194	1,166,470	(1,371,882)	42,995	824	797,601

Company	At 1 January RM' 000	Cash repayment RM' 000	Non-Cash interest RM' 000	Addition RM' 000	At 31 December RM' 000
2022					
Borrowings - Islamic term loan	414,121	(66,759)	14,949	-	362,311
Loan due to a subsidiary	123,782	(31,229)	2,834	-	95,387
Lease liabilities	722	(863)	49	4,075	3,983
	538,625	(98,851)	17,832	4,075	461,681
2021					
Borrowings - Islamic term loan	552,550	(170,778)	32,349	-	414,121
Loan due to a related company	10,108	(10,232)	124	-	-
Loan due to a subsidiary	128,856	(10,001)	4,927	-	123,782
Lease liabilities	1,549	(884)	57	-	722
	693,063	(191,895)	37,457	-	538,625

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur. The principal place of business of the Company is located at Level 44, Menara Felda, Platinum Park, No.11, Persiaran KLCC, 50088 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 20 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company is FGV Holdings Berhad ("FGVH"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The ultimate holding body is Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period.

It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

As at 31 December 2022, the Group has incurred a loss before tax after zakat of RM179.5 million and in a net current liabilities position of RM53 million (FY2021: net current assets position of RM198 million). The immediate holding company, FGV Holdings Berhad, has confirmed its intention to provide continuing financial support as and when necessary to enable the Group to meet its liabilities as they fall due. Therefore, the Directors consider that it is appropriate to prepare the financial statements of the Group on the going concern basis based on the financial support provided by the immediate holding company as disclosed in Note 4 to the financial statements.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Group and Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2022:

- Amendments to MFRS 3 'Reference to Conceptual Framework beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases 'Lease Incentives'
- Annual improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'

The amendments listed above did not have significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and Company:

Accounting pronouncements that are currently being assessed by the Directors:

Effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 and MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

Effective for annual periods beginning on or after 1 January 2024

- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101) ('the 2020 amendments')
- Non-current Liabilities with Covenants (Amendments to MFRS 101) ('the 2022 amendments')

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group and Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated:

(a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group when the acquired set of activities and asset meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and investment in subsidiaries (continued)

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company's financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(f)).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets. Negative goodwill represents the total of consideration transferred, non-controlling interest recognised and previously held interest measured being less than where the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. See significant accounting policies Note 3(k) on impairment of non-financial assets.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.





Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

Intangible assets	Estimated useful lives
Brand	25 years
Software	3 - 5 years

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

- (i) Brand is related to a sugar brand 'Prai' acquired as part of the acquisition of the sugar business.
- (ii) Software relates to information technology ("IT") used within the Group.

(f) Financial assets

Classification

The Group classifies its financial assets in the following categories:

- (i) those to be measured subsequently at fair value (either through profit or loss or other comprehensive income); and
- (ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss and impairment expenses are presented as separate line item in profit or loss.

(iii) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Measurement (continued)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

(a) Impairment for debt instruments

The Group and Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company's financial instruments that are subject to the ECL model are as follows:

- Receivables (excluding advance payments, prepayments and GST receivables)
- Lease receivable
- Loans and amounts due from subsidiaries/other related companies/holding company
- Financial assets at fair value through other comprehensive income

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(a) Impairment for debt instruments (continued)

(i) General 3-stage approach for other receivables, loans and amount due from subsidiaries and related companies that are non-trade related

At each reporting date, the Group and Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Company applies MFRS 9 general 3 stage approach to measure ECL which uses a lifetime expected loss allowance for lease receivables carried at amortised cost. The ECL rates is based on the probability of recovery of the receivable within one year or more than a year. Based on management assessment, there is no additional loss allowance identified for lease receivables.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

(ii) Simplified approach for trade receivables and amounts due from subsidiaries and related companies that are trade related

The Group and Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and amounts due from subsidiaries and related companies that are trade related.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

(b) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(b) Significant increase in credit risk (continued)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model as applicable.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(c) Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 180 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelyness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor's financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

(d) Groupings of instruments for ECL measurement

(i) Collective assessment

To measure ECL, trade receivables arising from the Group have been grouped based on the days past due and shared credit risk characteristics as follows:

- Geographical region of customers
- Customer division
- Related company and external customers
- Other shared credit risks

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(d) Groupings of instruments for ECL measurement (continued)

(i) Collective assessment (continued)

The contract assets relate to amounts due from customers on contracts and unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Other receivables, loans and amount due from intercompany, are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(e) Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses on the face of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other debt instruments

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(f) Subsidiaries

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.





Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives in a loss position, if any, which are measured through profit or loss.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Gains or losses arising from changes in fair value of derivatives are recognised in profit or loss within other gain/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

When the basis to determine the future contractual cash flows of the borrowings are modified entirely as a result of IBOR reform, the Group applied the reliefs provided in the Phase 2 amendments of IBOR reform with no modification gain or loss is recognised.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial liabilities (continued)

In situations where some or all of a change in the basis for determining the contractual cash flows of a borrowing does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the borrowings is not derecognised).

The Group's Islamic term loan is based on 1-month Kuala Lumpur Interbank Offered Rate ("KLIBOR"). The Group will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR for the relevant tenor; and engage the counterparties to discuss necessary changes to the related contracts, including the Islamic profit rate swap the Group has entered into. There are no updates at 31 December 2022.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(i) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

See significant accounting policies Note 3(g) on borrowing costs. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated cost of dismantling and removing the assets are restoring the site.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

A bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The bearer plants of the Group are oil palms, rubber trees and mango trees. Immature bearer plants are measured at accumulated costs of planting of bearer plants, similar to accounting for a self-constructed item of property, plant and equipment. Bearer plants are classified as immature until the trees are available for harvest.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

At that point, bearer plants are measured at amortised cost and depreciated over their useful life which is estimated to be 20 to 25 years.

Freehold land is not depreciated as it has an infinite useful life and assets under construction are not depreciated until when the assets are ready for their intended use.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Principal annual rates used are summarised as follows:

Property, plant and equipment	Estimated useful lives
Buildings	20 – 25 years
Plant and machinery	3 – 20 years
Furniture, fittings, equipment and motor vehicles	3 – 11 years
Bearer plants	
- Oil palms	22 years, or the lease term if shorter
- Rubber trees	20 years, or the lease term if shorter
- Mango trees	25 years, or the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Depreciation on property, plant and equipment ceases at the earlier of derecognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.

(j) Inventories

Inventories which consist of raw materials, work-in-progress, finished goods, molasses and consumables are stated at lower of cost and net realisable value.

Cost is determined on the weighted average cost basis. Raw material cost comprises the landed cost of goods purchased and in the case of work-in-progress and finished goods, includes materials, direct labour, other direct charges and an appropriate proportion of factory overheads. Consumables comprise the actual purchase costs.

Net realisable value is the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date and is recognised in profit or loss.

The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(l) Current and deferred income taxes

Tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as “haul (eligible period)”.

Zakat expense is determined based on the Group’s financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

(n) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group and Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. Foreign exchange gains and losses related to foreign currency forward contracts are presented in profit or loss within “other (losses)/gains – net”.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average rate (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in the foreign exchange reserve as a separate component of equity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currencies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and long-term advances are taken to the foreign exchange reserve within equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

(o) Revenue recognition

(i) Revenue from contracts with customers

• Sales of goods

The Group’s revenue which represents income arising in the course of the Group’s and the Company’s ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at point in time.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group’s, the Company’s and the customer’s rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

The Group sells refined sugar, liquid sugar, sugar premix, raw sugar and molasses in connection to the sugar operation. In addition, the Group also sells rubber, palm oil and mango through its plantation segment.

Revenue from sales of goods from the sugar operation and plantation are recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

- Sales with a right of return

When the customer has a right to return the goods within a given period, the Group is obliged to refund the purchase price. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods expected to be returned.

A refund liability for the expected refunds to customers is recognised as adjustment to revenue and correspondingly in trade and other payables. At the same time, the Group has a right to recover the goods from the customer where the customer exercises his right of return and recognises a refund asset and a corresponding adjustment to cost of sales the refund asset is measured by reference to the former carrying amount of the product.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level using the expected value method. Because the number of goods returned has been steady for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

- Revenue from rendering services

Revenue from rendering services including management fees are recognised when the services are performed by reference to completion of the specific services.

Transportation services performed after the transfer of control of sales of goods from the sugar operation to customers are regarded as a separate performance obligation and recognised over time depending on the terms of the contract.

- Receivables, contract asset and contract liabilities

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

- Contract cost

During the previous financial year, the Group has elected the practical expedient to recognise incremental contract cost of obtaining contract with period of less than one year as an expense when incurred.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Company are as follows:

(a) Rental income - recognised on a straight-line basis over the lease terms.

(b) Finance income - recognised using effective interest method.

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(c) Dividend income

Dividend income from investments are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

(p) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.





Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases

The Group and Company as a lessee

Leases are recognised as a right-of-use (“ROU”) asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company.

(a) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- decommissioning or restoration costs.

The ROU asset is depreciated over the shorter of the right-of-use asset’s useful life and the lease term on a straight-line basis, as follows:

ROU assets	Estimated useful lives
Leasehold land	66 to 99 years
Buildings	3 to 60 years

The ROU assets are adjusted for certain remeasurement of the lease liability.

At each statement of financial position date, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, if any;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, if any.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(b) Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(c) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(d) Reassessment of lease liabilities

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

A change in lease payments (including rent concession, except for COVID-19-related rent concessions), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(e) Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less, which cost less than RM20,000 each if purchased new. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group and Company do not separate any non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease, then it classifies the sublease as an operating lease.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of the restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(t) Equity instruments

Ordinary shares are classified as equity.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer.

(w) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time recognised as finance cost.

(x) Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(y) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Non-current assets held for sale (continued)

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

(z) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue.

(aa) Fair value measurement

The fair value measurement prescribes that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(ab) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.





Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 27 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'finance income/(costs)' and 'foreign exchange losses'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'finance income/(costs)' (Note 10).

The Group will apply the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform' until the uncertainty arising from IBOR reform no longer being present:

- When considering the 'highly probable' requirement, the Group has assumed that the IBOR interest rate on which the Group's hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group has not recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

The Group will apply the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform—Phase 2':

- Hedge designation: When the Phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:
 - a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
 - b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
 - c) amending the description of the hedging instrument.

The Group amends its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Derivative financial instruments and hedging activities (continued)

Cash flow hedge (continued)

- Amounts accumulated in the cash flow hedge reserve: When the Group amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based has changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency exchange risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure and ensure the implementation risk action plans to effectively mitigate the risks. Such derivatives financial instruments are generally not held for trading as speculative purposes.

The Board of Directors has overall responsibility for the oversight of financial risk management which includes risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group's risk exposures.

Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD").

The Group manages its currency exposure through foreign currency forward contracts.

As at 31.12.2022, a 10% weakening of the USD against Malaysia Ringgit ("RM") at the date of statement of financial position would decrease the Group's loss after tax of approximately RM17,953,000.

As at 31.12.2021, a 10% weakening of the USD against Malaysia Ringgit ("RM") at the date of statement of financial position would decrease the Group's profit after tax of approximately RM4,372,000.

The above exposure mainly as a result of foreign exchange gains/losses on translation of receivables, payables and bank balances. The analysis assumes that all other variables remain constant.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Commodity price risk

The Group is exposed to raw sugar prices which are subject to fluctuations due to unpredictable factors such as weather, change of global demand and global production.

Management is responsible for managing the Group's exposure to raw sugar input cost against selling prices of refined sugar set by the Government. Management meets regularly to review their raw sugar requirements and price trends and then decides when to buy and price raw sugar consignments so that a refining margin is locked to ensure budgeted profits are met. In addition, the Group enters into New York 11 raw sugar future contracts to manage its raw sugar purchase cost.

A sensitivity analysis has been performed based on the Group's exposure to sugar futures as at year end. If price of raw sugar increases or decreases by 10% with all other variables held constant, the Group's loss after tax and equity would increase or decrease by RM2,903,000 (2021: profit after tax and equity would decrease or increase by RM10,846,000).

(iii) Finance rate risk

The Group's finance rate risk mainly arises from term loans. Term loans issued at variable rates expose the Group to cash flow finance rate risk.

The Company has been in constant engagement with its lender to manage its finance rate risk and has been advised that the current KLIBOR is still being referenced for its borrowings. The Company has also been informed that currently, the lender shall be guided by further announcement by Bank Negara Malaysia (BNM) on the timeline for the migration to the alternative reference rate (ARR) upon the cessation of the current KLIBOR rate. Upon the issuance of the guidelines, the lenders will engage the Company on the transition plan.

The finance rate profile of the Group's and the Company's finance bearing financial assets, based on carrying amounts as at the end of the financial year was:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
<u>Financial assets</u>				
At fixed rate:				
Fixed deposits	208,810	81,119	52,841	37,395
At floating rate (exposed to cash flow finance rate risk):				
Loans to subsidiaries	-	-	-	1,041,370
	208,810	81,119	52,841	1,078,765

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

The finance rate profile of the Group's and the Company's finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
<u>Financial liabilities</u>				
At fixed rate:				
Borrowings	517,156	378,935	-	-
At floating rate (exposed to cash flow finance rate risk):				
Borrowings	362,311	414,121	362,311	414,121
Loan due to a subsidiary	-	-	95,387	123,782
	362,311	414,121	457,698	537,903
	879,467	793,056	457,698	537,903

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the loss after tax of the Group will increase/decrease by RM275,000 (2021: profit after tax of the Group will decrease/increase by RM315,000).

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the profit after tax of the Company will decrease/increase by RM348,000 (2021: profit after tax of the Company will decrease/increase by RM409,000).

Other financial assets and financial liabilities are non-finance bearing, and therefore are not affected by changes in finance rates.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures from outstanding receivables.

The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Receivables, amounts due from subsidiaries and other related companies' exposure are closely monitored and continuously followed up.

The Group's deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

(a) Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss (ECL) model include trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables, lease receivable, amounts due from subsidiaries and related companies that are trade related using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables, loans and amounts due from immediate holding company, subsidiaries and other related companies that are non-trade related using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories (3 stage approach). These financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Inter-company balances

The Company provided unsecured loans to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and there was no indication that the loans to the subsidiaries are not recoverable.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements by closely monitoring its cash flows.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

As disclosed in Note 34 to the financial statements, the Company would have not complied with one of the financial covenants for its Islamic term loan. The Company had received a waiver letter dated 8 November 2022 from the lender granting the waiver on one of the financial covenants for the financial year ending 31 December 2022. The Company will continue to monitor the compliance of the financial covenants and will engage the lenders as and when required.

The Directors are of the view that, based on the assumptions presented by Management, there are reasonable grounds that the Group will have sufficient cash flows for the next twelve months from the financial statements approval date to meet their cash flow requirements, and there is no material uncertainty on its ability to continue as a going concern despite the net current liabilities position of the Group as at 31 December 2022. The Group's cash requirements for at least the next twelve months from the financial statements approval date primarily include operational requirements, capital expenditure for the Group's refineries and repayment of loan facilities and tax liabilities. In preparing the cash flow forecast, the Group expects to fund its obligations via cash inflows from sale of sugar products and revolving facilities. If required, the Group may continue to draw upon the availability of unutilised trade lines with its suppliers and trade lines under subsidiaries of FGV Holdings Berhad. In addition, FGV Holdings Berhad has also confirmed its intention to provide continuing financial support to the Group as and when necessary to enable the Group to meet its liabilities as they fall due including the Company's Islamic Term Loan obligations. The financial support given by FGV Holdings Berhad covers a period of twelve months from the date of the support letter, 24 March 2023.

The Company plans to manage its liquidity risk by receiving income in the form of dividends and management fees from its subsidiaries and to restructure the repayment of loan due to a subsidiary to meet its obligations over the next twelve months.

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held cash investments of RM208,810,000 (2021: RM81,119,000) and other liquid assets of RM12,154,000 (2021: RM113,656,000) that are expected to readily generate cash inflows for managing liquidity risk. At the reporting date, the Company held cash investments of RM52,841,000 (2021: RM37,395,000) and other liquid assets of RM767,000 (2021: RM16,387,000) that are expected to readily generate cash inflows for managing liquidity risk.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group's and Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

Group	Less than 1 year RM' 000	Between 1 and 2 years RM' 000	Between 2 and 5 years RM' 000	Over 5 years RM' 000	Total RM' 000
<u>At 31 December 2022</u>					
Payables	334,542	-	-	-	334,542
Amounts due to other related companies	6,937	-	-	-	6,937
Amount due to immediate holding company	328	-	-	-	328
Amount due to ultimate holding body	65	-	-	-	65
Borrowings	596,501	81,827	241,247	-	919,575
Lease liabilities	2,304	2,132	5,468	26,849	36,753
Total undiscounted financial liabilities	940,677	83,959	246,715	26,849	1,298,200
<u>At 31 December 2021</u>					
Payables	301,234	-	-	-	301,234
Amounts due to other related companies	3,936	-	-	-	3,936
Amount due to immediate holding company	2,982	-	-	-	2,982
Borrowings	444,299	75,697	264,355	52,291	836,642
Lease liabilities	1,239	501	741	5,755	8,236
Total undiscounted financial liabilities	735,690	76,198	265,096	58,046	1,153,030

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Company	Less than 1 year RM' 000	Between 1 and 2 years RM' 000	Between 2 and 5 years RM' 000	Over 5 years RM' 000	Total RM' 000
<u>At 31 December 2022</u>					
Payables	4,359	-	-	-	4,359
Amounts due to subsidiaries	12	-	-	-	12
Amounts due to other related companies	60	-	-	-	60
Amount due to immediate holding company	208	-	-	-	208
Amount due to ultimate holding body	65	-	-	-	65
Loan due to a subsidiary	230	17,704	79,880	10,588	108,402
Borrowings	79,344	81,827	241,248	-	402,419
Lease liabilities	750	750	2,414	688	4,602
Total undiscounted financial liabilities	85,028	100,281	323,542	11,276	520,127
<u>At 31 December 2021</u>					
Payables	6,520	-	-	-	6,520
Amounts due to subsidiaries	5	-	-	-	5
Amounts due to other related companies	117	-	-	-	117
Amount due to immediate holding company	1,887	-	-	-	1,887
Loan due to a subsidiary	31,228	17,224	58,097	28,468	135,017
Borrowings	65,365	75,697	264,355	52,291	457,708
Lease liabilities	738	-	-	-	738
Total undiscounted financial liabilities	105,860	92,921	322,452	80,759	601,992

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Group's and Company's primary objectives on capital management policies are to safeguard the Group's and Company's ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2022 and 31 December 2021.

The Group considers its debts and equity attributable to owners of the Company as capital and monitor capital using gearing ratio. This ratio is calculated as net debt divided by total capital of the Group and of the Company. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position), lease liabilities and loan due to a subsidiary less deposits, cash and bank balances. At Company level, net debt also includes loan due to a subsidiary. Total capital is calculated as 'equity attributable to owners of the Company as shown in the consolidated statement of financial position plus the net debt of the Group and of the Company.

The gearing ratio analysis for the Group and the Company are as disclosed below:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Net debt	680,334	602,826	408,073	484,843
Equity attributable to owners of the Company	1,514,747	1,712,564	2,007,107	1,924,500
Total capital	2,195,081	2,315,390	2,415,180	2,409,343
Gearing ratio	31%	26%	17%	20%

The increase in the Group's gearing ratio in 2022 is due to increase in borrowing and decrease in retained earnings.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2022 and 31 December 2021:

	Carrying amount RM' 000	Level 1 RM' 000	Level 2 RM' 000	Level 3 RM' 000
Group - Liabilities				
<u>As at 31 December 2022</u>				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contracts	(16,890)	-	(16,890)	-
- Brent crude oil option contracts	(853)	(853)	-	-
Derivatives used for hedging:				
- Islamic profit rate swap	(193)	-	(193)	-
<u>As at 31 December 2021</u>				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contracts	(653)	-	(653)	-
- Sugar commodity futures contracts	(963)	(963)	-	-
- Brent crude oil option contracts	(2,133)	(2,133)	-	-
Derivatives used for hedging:				
- Islamic profit rate swap	(3,571)	-	(3,571)	-
Company - Liabilities				
<u>As at 31 December 2022</u>				
Derivatives used for hedging:				
- Islamic profit rate swap	(193)	-	(193)	-
<u>As at 31 December 2021</u>				
Derivatives used for hedging:				
- Islamic profit rate swap	(3,571)	-	(3,571)	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

There were no transfers between levels 1 and 2 during the financial year.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of sugar commodity futures contracts and Brent crude oil option contracts.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise Islamic profit rate swap and foreign exchange forward contract.

There are no offsetting financial assets and financial liabilities during the financial year.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ('CGU') to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell and value-in-use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected future cash flows are estimates made based on historical, industry trends, general market and economic condition and other available information. Projected future cash flows are based on Group's judgement in terms of assessing future uncertain parameters such as selling price, raw sugar price, sales volume and terminal value growth rate. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under current circumstances.

As a result of these impairment assessments, the Group did not recognise any impairment. A forecast period of 5 years together with a terminal value growth rate was used to derive the recoverable amount. An extended forecast period of 5 years is used to show the full impact following the rationalisation plan within the Group.

The key assumptions and sensitivity analysis are as disclosed in Note 19 to the financial statements.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of non-financial assets

The Group and the Company assess whether there is any indication that non-financial assets are impaired at the end of each reporting period and tests non-financial assets for impairment if such indication exists.

Impairment is measured by comparing the carrying amount of a cash generating unit with its recoverable amount. The recoverable amount is measured at the higher of the fair value less costs to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical and industry trends, general market and economic conditions and other available information. Changes to any of these assumptions would affect the determination of value in use.

Refer to Notes 17, 18 and 19 to the financial statements for the details of the impairment assessment carried out by management on the Group's property, plant and equipment, ROU assets and intangible assets.

6 REVENUE – CONTINUING OPERATIONS

The Group and Company derive the following types of revenue:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Revenue from contract with customers	2,565,985	2,259,698	14,319	13,637
Revenue from other sources	-	-	135,650	240,942
	2,565,985	2,259,698	149,969	254,579

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
<u>Revenue from contract with customers</u>				
Management fee income	-	-	14,319	13,637
Sales of goods (refined sugar and molasses)	2,560,339	2,252,740	-	-
Rendering of services (transportation services)	5,646	6,958	-	-
	2,565,985	2,259,698	14,319	13,637
<u>Revenue from other sources</u>				
Interest income	-	-	35,386	54,717
Dividend income	-	-	100,000	186,000
Others	-	-	264	225
	-	-	135,650	240,942
	2,565,985	2,259,698	149,969	254,579
<u>Timing of revenue recognition</u>				
- at a point in time	2,560,339	2,252,740	-	-
- over time	5,646	6,958	14,319	13,637
	2,565,985	2,259,698	14,319	13,637

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

7 OTHER OPERATING INCOME - CONTINUING OPERATIONS

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Gain on liquidation of a subsidiary	20(b)	1,591	-	408	-
Gain on disposal of a subsidiary	20(c)	-	6,287	-	28,721
Income from sale of scrap		975	344	-	-
Gain on disposal of property, plant and equipment	17	342	902	-	197
Unrealised gains on foreign currency exchange translation		4,240	1,506	-	-
Realised gains on foreign currency exchange translation		2,429	851	-	-
Insurance claims		432	-	198	-
Others		35	7	12	5
		10,044	9,897	618	28,923

8 (REVERSAL OF IMPAIRMENT)/IMPAIRMENT OF FINANCIAL ASSETS, NET – CONTINUING OPERATIONS

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
(Reversal)/Impairment loss of trade and other receivables	23	(3,233)	4,835	-	-
Impairment/(Reversal) of impairment loss of amount due from a related company	25	414	(3,200)	-	-
Impairment loss of loans due from subsidiaries	21	-	-	-	13,433
		(2,819)	1,635	-	13,433



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

9 OTHER (LOSSES)/GAINS, NET – CONTINUING OPERATIONS

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Unrealised fair value (losses)/ gains-net				
- Sugar futures contract	963	(963)	-	-
- Brent crude oil forward option	1,280	(2,133)	-	-
- Foreign currency exchange forward contracts	(16,237)	276	-	-
	(13,994)	(2,820)	-	-
Realised fair value gains/ (losses)-net				
- Sugar futures contract	(1,313)	13,005	-	-
- Brent crude oil forward option	3,068	-	-	-
- Foreign currency exchange forward contracts	3,127	851	-	-
	4,882	13,856	-	-
Liquidation of excess raw sugar contracts	2,087	30,962	-	-
	(7,025)	41,998	-	-

10 FINANCE INCOME AND COSTS – CONTINUING OPERATIONS

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Finance income:					
Interest income		4,022	2,587	-	-
Finance costs:					
Interest on:					
- bankers' acceptances		(14,446)	(9,988)	-	-
- term loans*		(14,949)	(32,349)	(14,949)	(32,349)
- interest on Islamic profit rate swap		(2,731)	(4,930)	(2,731)	(4,930)
- loan due to a related company		-	(417)	-	(124)
- loan due to a subsidiary		-	-	(2,834)	(4,927)
- lease liabilities		(914)	(241)	(49)	(57)
- ineffective cash flow hedge		(331)	-	(331)	-
		(33,371)	(47,925)	(20,894)	(42,387)
Amount capitalised on qualifying assets					
- property, plant and equipment	17, 36	1,387	880	-	-
		(31,984)	(47,045)	(20,894)	(42,387)

* Term loan finance costs for the Group and Company in 2021 includes loan modification cost of RM9,749,080.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

11 (LOSS)/PROFIT BEFORE ZAKAT AND TAXATION – CONTINUING OPERATIONS

(Loss)/Profit before zakat and taxation is stated after charging/(crediting):

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Cost of raw sugar consumed		2,063,142	1,562,563	-	-
Changes in inventories of work in progress, refined sugar and molasses		(60,536)	(146,574)	-	-
Inventories written off		272	6,081	-	-
Allowance for inventory obsolescence		294	10,957	-	-
Onerous provision		8,439	8,754	-	-
Net realisable value of inventories:					
- write down of inventories to net realisable value during the financial year		13,994	13,436	-	-
- reversal of prior year inventories written down to net realisable value		(13,436)	(65)	-	-
Distribution and transport expenses		39,738	30,442	-	-
Natural gas and fuel consumed		201,480	116,398	-	-
Property, plant and equipment:					
- Depreciation	17	75,345	75,402	750	650
- Write-offs	17	220	2,654	34	-
- Gain on disposal of property, plant and equipment		(342)	(902)	-	(197)
- Reversal of impairment	17	-	(16,427)	-	-
Right-of-use assets:					
- Depreciation	18	3,483	2,748	704	661
Intangible assets:					
- Amortisation	19	3,972	4,690	747	1,424
Gain on disposal of a subsidiary		-	(6,287)	-	(28,721)
Insurance claim		432	7,244	197	-
Loan modification charge		-	9,749	-	9,749
Principal auditors' remuneration:					
- Audit fee – current year		463	441	170	161
- Non-Audit fee – current year		190	-	190	-
- Other assurance services		284	284	284	284
Other auditors' remuneration:					
- Other services		-	31	-	-
Repair and maintenance		61,379	47,856	1,300	741
Staff costs*		98,037	86,776	15,795	13,423
Rental expenses for short term leases and low value assets		8,140	9,402	-	-
Unrealised foreign exchange gain		(4,262)	(1,506)	-	-
Separation cost		-	1,174	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

11 (LOSS)/PROFIT BEFORE ZAKAT AND TAXATION – CONTINUING OPERATIONS (CONTINUED)

(Loss)/Profit before zakat and taxation is stated after charging/(crediting): (continued)

* Staff costs (excluding Directors' remuneration) are analysed as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Wages, salaries and bonuses	69,309	61,917	12,350	10,623
Defined contribution plan	9,883	9,261	2,036	1,623
Other employee benefits	18,845	15,598	1,409	1,177
	98,037	86,776	15,795	13,423

12 DIRECTORS' REMUNERATION – CONTINUING OPERATIONS

	Receivable from the Company RM' 000	Receivable from subsidiaries RM' 000	Group RM' 000
2022			
Fees:			
- Independent Non-Executive	1,154	-	1,154
- Non-Independent Non-Executive	443	-	443
	1,597	-	1,597
Meeting allowances:			
- Independent Non-Executive	356	-	356
- Non-Independent Non-Executive	138	-	138
	494	-	494
Benefits in kind:			
- Independent Non-Executive Director	42	-	42
Other benefits:			
- Independent Non-Executive	9	-	9
- Non-Independent Non-Executive	3	-	3
	12	-	12
	2,145	-	2,145

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

12 DIRECTORS' REMUNERATION – CONTINUING OPERATIONS (CONTINUED)

	Receivable from the Company RM' 000	Receivable from subsidiaries RM' 000	Group RM' 000
2021			
Fees:			
- Independent Non-Executive	1,128	-	1,128
- Non-Independent Non-Executive	222	-	222
	1,350	-	1,350
Meeting allowances:			
- Independent Non-Executive	394	-	394
- Non-Independent Non-Executive	78	-	78
	472	-	472
Benefits in kind:			
- Independent Non-Executive Director	69	-	69
- Non-Independent Non-Executive	13	-	13
	82	-	82
Other benefits:			
- Independent Non-Executive	31	-	31
- Non-Independent Non-Executive	2	-	2
	33	-	33
	1,937	-	1,937

13 ZAKAT – CONTINUING OPERATION

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Movement in zakat liability:				
At beginning of financial year	-	-	-	-
Current financial year's zakat expense	1,000	1,000	-	-
Zakat paid	(1,000)	(1,000)	-	-
At the end of financial year	-	-	-	-



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

14 TAXATION – CONTINUING OPERATIONS

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Current tax		720	40,793	-	4,242
Under accrual in prior financial year		2,424	2,622	603	423
		3,144	43,415	603	4,665
Deferred tax	32	(3,971)	72	156	(214)
		(827)	43,487	759	4,451

The numerical reconciliation of the relationship between taxation and (loss)/profit before taxation after zakat is as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
(Loss)/Profit before taxation after zakat	(179,539)	80,102	101,029	205,346
Tax at Malaysian tax rate of 24% (2021: 24%)	(43,089)	19,225	24,247	49,283
Tax effects of:				
- expenses not deductible for tax purposes	5,951	13,515	2,963	2,519
- income not subject to tax	(1,135)	(6,219)	(24,098)	(47,774)
- under accrual in prior financial year	2,424	2,622	603	423
- utilisation of group tax relief	-	-	(2,956)	-
- temporary differences not recognised	36,521	14,292	-	-
- temporary differences in respect of prior years	(1,499)	52	-	-
	(827)	43,487	759	4,451

15 (LOSS)/EARNINGS PER SHARE

	Group	
	2022 RM' 000	2021 RM' 000
Continuing operations		
(Loss)/Profit for the financial year attributable to owners of the Company	(178,712)	36,615
Weighted average number of ordinary shares in issue ('000)	702,890	702,980
Basic and diluted (loss)/earnings per share (sen)	(25.42)	5.21
Discontinued operations		
Profit for the financial year attributable to owners of the Company	-	88,738
Weighted average number of ordinary shares in issue ('000)	-	702,980
Basic and diluted profit per share (sen)	-	12.62

There is no diluted earnings per share as there is no potential dilutive ordinary shares in issue.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

16 PROFIT FROM DISCONTINUED OPERATIONS

(i) In the previous financial year, after analysing the market outlook, competitive intensity and the attractiveness of the industry, the Group had strategically decided to exit its non-core business, i.e. the rubber, oil palm and mango plantation. The Group therefore presents and discloses in its financial statements the financial effects of the non-core business in accordance to MFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

(ii) Analysis of the profit and loss of discontinued operations is as follows:

	2022 RM' 000	2021 RM' 000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating income	-	89,493
Administrative expenses	-	(755)
Other operating expenses	-	-
Profit before taxation	-	88,738
Taxation	-	-
Profit from discontinued operations	-	88,738

(iii) Analysis of the cash flows of discontinued operations is as follows:

	2022 RM' 000	2021 RM' 000
Operating cash flows	-	(1,893)
Investing cash flows	-	1,815
Total cash outflow	-	(78)

(iv) Profit before taxation from discontinued operations is stated after charging/(crediting):

	2022 RM' 000	2021 RM' 000
Reversal of impairment of receivables	-	(16)
Staff costs	-	183
Gain on disposal of a subsidiary	-	(85,527)
Gain on disposal of property, plant and equipment	-	(1,572)

On 29 September 2021, MSM Malaysia Holdings Berhad ("the Company") completed the disposal of the entire equity of MSM Perlis Sdn. Bhd. ("MSMP"), a wholly owned subsidiary of the Company, for a total cash consideration of RM181,106,000, which resulted in a gain on disposal of RM91,814,000. Further details of the gain on disposal is reflected in Note 20 to the financial statements.

Of the total gain, RM85,527,000 is shown as gain on disposal from discontinued operations.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Total RM'000
2022							
<u>Cost</u>							
At 1 January 2022		6,486	435,787	1,363,377	71,588	11,582	1,888,820
Additions	36	-	349	2,703	1,365	56,441	60,858
Write-offs		-	-	(2,003)	(1,495)	-	(3,498)
Disposal		-	(3,019)	(250)	(115)	(350)	(3,734)
Reclassifications		-	6,341	20,097	1,119	(27,557)	-
At 31 December 2022		6,486	439,458	1,383,924	72,462	40,116	1,942,446
<u>Accumulated depreciation</u>							
At 1 January 2022		-	101,012	523,012	43,272	-	667,296
Charge for the financial year		-	9,449	59,415	6,481	-	75,345
Write-offs		-	-	(1,998)	(1,280)	-	(3,278)
Disposal		-	(2,072)	(185)	(114)	-	(2,371)
At 31 December 2022		-	108,389	580,244	48,359	-	736,992
<u>Accumulated impairment</u>							
At 1 January 2022		-	883	121	10	-	1,014
Disposal		-	(883)	(121)	(10)	-	(1,014)
At 31 December 2022		-	-	-	-	-	-
<u>Net book value</u>							
At 31 December 2022		6,486	331,069	803,680	24,103	40,116	1,205,454

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Bearer plants - Oil Palm, Rubber and Mango (Note a) RM'000	Total RM'000
2021								
<u>Cost</u>								
At 1 January 2021		6,486	482,712	1,538,409	90,929	7,419	46,328	2,172,283
Additions		-	788	3,123	1,714	32,579	-	38,204
Write-offs		-	(184)	(4,927)	(152)	(618)	-	(5,881)
Disposal		-	-	(110)	(3,838)	-	-	(3,948)
Disposal of a subsidiary		-	(48,506)	(197,889)	(17,654)	(1,461)	(46,328)	(311,838)
Reclassifications		-	977	24,771	589	(26,337)	-	-
At 31 December 2021		6,486	435,787	1,363,377	71,588	11,582	-	1,888,820
<u>Accumulated depreciation</u>								
At 1 January 2021		-	120,319	565,594	56,587	-	2,623	745,123
Charge for the financial year		-	9,633	59,360	6,409	-	-	75,402
Write-offs		-	(40)	(3,085)	(102)	-	-	(3,227)
Disposal		-	-	(51)	(3,552)	-	-	(3,603)
Disposal of a subsidiary		-	(28,900)	(98,806)	(16,070)	-	(2,623)	(146,399)
At 31 December 2021		-	101,012	523,012	43,272	-	-	667,296
<u>Accumulated impairment</u>								
At 1 January 2021		-	20,489	104,390	1,880	1,461	43,705	171,925
Reversal of impairment during the financial year		-	-	(16,427)	-	-	-	(16,427)
Transfer to Assets Held for Sale	29	-	-	11,300	-	-	-	11,300
Disposal		-	-	(59)	(286)	-	-	(345)
Disposal of a subsidiary		-	(19,606)	(99,083)	(1,584)	(1,461)	(43,705)	(165,439)
At 31 December 2021		-	883	121	10	-	-	1,014
<u>Net book value</u>								
At 31 December 2021		6,486	333,892	840,244	28,306	11,582	-	1,220,510

Included in the Group's assets under construction during the financial year are finance costs capitalised amounting to RM1,387,000 (2021: RM880,000) (Note 10) applying a capitalisation rate of 3.14% (2021: 2.82%).



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

Bearer plants comprise oil palms, rubber trees and mango trees. Immature bearer plants are capitalised in capital work in progress.

Group	Mature				Immature				Total bearer plant RM'000
	Oil palms RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	
31.12.2021									
<u>Cost</u>									
At 1 January 2021	1,608	22,219	676	24,503	-	21,628	197	21,825	46,328
Disposal of subsidiary	(1,608)	(22,219)	(676)	(24,503)	-	(21,628)	(197)	(21,825)	(46,328)
At 31 December 2021	-	-	-	-	-	-	-	-	-
<u>Accumulated depreciation</u>									
At 1 January 2021	420	2,112	91	2,623	-	-	-	-	2,623
Disposal of subsidiary	(420)	(2,112)	(91)	(2,623)	-	-	-	-	(2,623)
At 31 December 2021	-	-	-	-	-	-	-	-	-
<u>Accumulated impairment loss</u>									
At 1 January 2021	1,188	20,107	585	21,880	-	21,628	197	21,825	43,705
Disposal of subsidiary	(1,188)	(20,107)	(585)	(21,880)	-	(21,628)	(197)	(21,825)	(43,705)
At 31 December 2021	-	-	-	-	-	-	-	-	-
<u>Net book value</u>									
At 31 December 2021	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment assessment

Financial year ended 31 December 2022

(a) MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor")

MSM Johor has recorded continuous losses due to its low utilisation capacity since previous financial years, and this has been identified as indicator for impairment for the assets.

The recoverable amount was determined using value in use calculation based on cash flow projection which is approved by the Board of Directors. The assumption of the projection is based on the 2023 to 2025 approved financial budgets by the Directors and it covers a finite projection period of 27 years, based on the weighted average remaining useful life of property, plant and equipment.

The recoverable amount of MSM Johor's assets calculated based on value in use calculation was RM1,421 million exceeds the carrying value by RM282 million (2021: recoverable amount was RM1,428 million exceeds the carrying value by RM195 million).

The key assumptions used for the value in use calculation are:

Key assumptions	2022	2021
Selling price, RM/MT*	2,303 – 3,635	2,010 – 3,012
Raw sugar price, RM/lb	0.65 – 0.79	0.64 – 0.86
Utilisation factor	19.5% – 57.0%	38.0% – 66.0%
Sales volume, MT'000	195 – 570	381 – 655
Freight charges, RM/MT	152.3 – 162.4	127.5 – 148.8
Landed cost, RM/MT	15.0 – 18.3	3.0 – 15.3
Natural gas price, RM/MMBtu	33.0 – 54.8	30.0 – 33.1
Discount rate %	12.0%	12.0%

* Excluding products subject to price control

The sensitivity on the MSM Johor's assets recoverable amount to key assumptions are as follows:

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Raw sugar price	Increase NY11 in 2024 and 2025 by USD0.61 cents/lbs and USD0.30 cents/lbs	(6,900)
Selling price	Decrease of selling price by RM116/mt in 2023	(266,852)
Natural gas price	Increase in natural gas price by 22% to RM67/MMBtu in 2023	(16,968)

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment assessment (continued)

Financial year ended 31 December 2021

(b) Reversal of impairment loss

In the previous financial year, the Group carried out an assessment on the recoverable amount of certain plant and machinery assets previously impaired during the financial year ended 31 December 2019. Following the assessment, the Group has reversed a total impairment of RM5,127,000 as a result of increase in service potential through the commencement of utilisation of these assets.

In addition, in December 2021, the Company received an offer in respect of certain plant and machinery from a scrap metal purchaser. These plant and machinery are part of assets impaired in financial year ended 31 December 2019 following cessation of refinery operations in MSM Perlis. Following this offer, a reversal of impairment loss of RM11,300,000 had been recognised based on the recoverable amount of the assets which is equivalent to the offer price.

As the assets were planned for disposal to the scrap metal purchaser, the assets have been reclassified to Assets Held for Sale (Note 29) from Property, Plant and Equipment. Sale of these assets was completed on 17 February 2022, with no gain or loss on disposal.

(c) MSM Perlis Sdn. Bhd. ("MSM Perlis")

During the financial year ended 31 December 2019, the recoverable amount of plantation assets which included leasehold land and bearer plant assets was determined based on the offer received from a potential buyer.

During the financial year ended 31 December 2020, following the rescission of sale and purchase agreement of the assets' disposal, the plantation assets were transferred to Property, Plant and Equipment and Right-Of-Use Assets from Asset Held for Sale.

After considering the condition of the bearer plants as a result of the cessation of the plantation operations and a fire during the financial year ended 31 December 2020 which resulted in a write-off of RM27,244,000, an impairment assessment was performed on bearer plants. The assessment indicated the recoverable amount of the bearer plant assets as nil. Accordingly, an impairment of RM43,705,000 was recorded in the financial year ended 31 December 2020.

During the previous financial year, the Group carried out an assessment on the recoverable amount of certain plant and machinery assets previously impaired in financial year ended 31 December 2019. Following the assessment, the Group has reversed a total impairment of RM5,127,000 as a result of a change in the recoverable amount of these assets.

During the financial year ended 31 December 2020, leasehold plantation land and leasehold factory land located at Chuping, Perlis were transferred to Assets Held for Sale following offer received from potential buyer.

On 29 September 2021, MSM Malaysia Holdings Berhad ("the Company") completed the disposal of the entire equity of MSM Perlis Sdn. Bhd. ("MSMP"), a wholly owned subsidiary of MSMH, for a total cash consideration of RM181,106,000. The assets and liabilities of MSMP were deconsolidated upon completion of the disposal. The effects of the disposal is reflected in Note 20 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture fittings, equipment, and motor vehicles RM' 000
2022	
<u>Cost</u>	
At 1 January 2022	6,235
Addition	223
Write-offs	(90)
At 31 December 2022	6,368
<u>Accumulated depreciation</u>	
At 1 January 2022	3,947
Charge for the financial year	750
Write-offs	(56)
At 31 December 2022	4,641
<u>Net book value</u>	
At 31 December 2022	1,727

Company	Furniture fittings, equipment, and motor vehicles RM' 000
2021	
<u>Cost</u>	
At 1 January 2021	5,801
Addition	968
Disposal	(534)
At 31 December 2021	6,235
<u>Accumulated depreciation</u>	
At 1 January 2021	3,831
Charge for the financial year	650
Disposal	(534)
At 31 December 2021	3,947
<u>Net book value</u>	
At 31 December 2021	2,288



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

18 RIGHT-OF-USE ASSETS

Group	Note	Leasehold land RM' 000	Building RM' 000	Total RM' 000
2022				
<u>Cost</u>				
At 1 January 2022		90,416	7,023	97,439
Addition		-	19,103	19,103
At 31 December 2022		90,416	26,126	116,542
<u>Accumulated depreciation</u>				
At 1 January 2022		11,458	2,945	14,403
Charge for the financial year		1,531	1,952	3,483
At 31 December 2022		12,989	4,897	17,886
<u>Net book value</u>				
At 31 December 2022		77,427	21,229	98,656

Group	Note	Leasehold land RM' 000	Building RM' 000	Total RM' 000
2021				
<u>Cost</u>				
At 1 January 2021		100,989	6,199	107,188
Addition		-	824	824
Transfer to asset held for sale	29	(10,573)	-	(10,573)
At 31 December 2021		90,416	7,023	97,439
<u>Accumulated depreciation</u>				
At 1 January 2021		12,594	1,952	14,546
Charge for the financial year		1,755	993	2,748
Transfer to asset held for sale	29	(2,891)	-	(2,891)
At 31 December 2021		11,458	2,945	14,403
<u>Net book value</u>				
At 31 December 2021		78,958	4,078	83,036

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

18 RIGHT-OF-USE ASSETS (CONTINUED)

Total cash outflow for leases of the Group is as follows:

	Group	
	2022 RM' 000	2021 RM' 000
Rental of short term assets	8,140	9,402
Principal payments of lease liabilities	1,440	1,221
Interest payment of lease liabilities	914	241
	10,494	10,864

Company	Building RM' 000
2022	
<u>Cost</u>	
At 1 January 2022	1,708
Addition	4,452
At 31 December 2022	6,160
<u>Accumulated depreciation</u>	
At 1 January 2022	1,157
Charge for the financial year	704
At 31 December 2022	1,861
<u>Net book value</u>	
At 31 December 2022	4,299

Company	Building RM' 000
2021	
<u>Cost</u>	
At 1 January 2021 / 31 December 2021	1,708
<u>Accumulated depreciation</u>	
At 1 January 2021	496
Charge for the financial year	661
At 31 December 2021	1,157
<u>Net book value</u>	
At 31 December 2021	551



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

18 RIGHT-OF-USE ASSETS (CONTINUED)

Total cash outflow for leases of the Company is as follows:

	Company	
	2022 RM' 000	2021 RM' 000
Principal payments of lease liabilities	814	827
Interest payment of lease liabilities	49	57
	863	884

19 INTANGIBLE ASSETS

	Group				Company
	Goodwill RM' 000	Brand RM' 000	Software RM' 000	Total RM' 000	Software RM' 000
2022					
<u>Cost</u>					
As at 1 January 2022	576,240	86,033	15,040	677,313	8,433
Additions	-	-	1,452	1,452	1,447
As at 31 December 2022	576,240	86,033	16,492	678,765	9,880
<u>Accumulated amortisation</u>					
As at 1 January 2022	-	41,204	13,924	55,128	7,317
Charge for the financial year	-	3,225	747	3,972	747
As at 31 December 2022	-	44,429	14,671	59,100	8,064
<u>Net Book Value</u>					
As at 31 December 2022	576,240	41,604	1,821	619,665	1,816

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

19 INTANGIBLE ASSETS (CONTINUED)

	Group				Company
	Goodwill RM' 000	Brand RM' 000	Software RM' 000	Total RM' 000	Software RM' 000
2021					
<u>Cost</u>					
As at 1 January 2021	576,240	86,033	14,555	676,828	8,107
Additions	-	-	1,763	1,763	326
Disposal of a subsidiary	-	-	(1,278)	(1,278)	-
As at 31 December 2021	576,240	86,033	15,040	677,313	8,433
<u>Accumulated amortisation</u>					
As at 1 January 2021	-	37,978	13,559	51,537	5,893
Charge for the financial year	-	3,226	1,464	4,690	1,424
Disposal of a subsidiary	-	-	(1,099)	(1,099)	-
As at 31 December 2021	-	41,204	13,924	55,128	7,317
<u>Accumulated impairment</u>					
As at 1 January 2021	-	-	179	179	-
Disposal of a subsidiary	-	-	(179)	(179)	-
As at 31 December 2021	-	-	-	-	-
<u>Net book value</u>					
As at 31 December 2021	576,240	44,829	1,116	622,185	1,116

Goodwill

The goodwill relates to the acquisition of the sugar business and is allocated to the sugar segment. This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the Cash Generating Unit ("CGU") is determined based on value-in-use ("VIU") calculations using cash flows projections based on financial budgets approved by the Directors covering a five-year period and applying a terminal value multiple using a long term sustainable growth rate.

The recoverable amount calculated based on VIU exceeded the carrying value by RM1,191 million (2021: RM646 million).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

19 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

The key assumptions used for the CGU's value in use calculation are:

Key assumptions	2022	2021
Selling price, RM/MT*	2,303 – 3,635	2,010 – 3,012
Raw sugar price, RM/lb	0.65 – 0.79	0.64 – 0.86
Sales volume, MT'000	1,002 – 1,220	1,088 – 1,502
Freight charges, RM/MT	152.3 – 173.9	127.5 – 148.8
Landed cost, RM/MT	15.0 – 18.3	3.0 – 15.3
Natural gas price, RM/MMBtu	33.0 – 54.8	30.0 – 33.1
Terminal value growth rate, %	2%	2%
Discount rate, %	11.6% – 12.0%	11.6% – 12.0%

* Excluding products subject to price control

The sensitivity on the goodwill arising from the sugar business operations in Malaysia recoverable amount to key assumptions are as follows:

2022

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Raw sugar price	Increase NY11 in 2024 and 2025 by USD0.61 cents/lb and USD0.30 cents/lb	(29,500)
Selling price	Decrease of selling price by RM116/mt in 2023	(681,863)
Natural gas price	Increase in natural gas price by 22% to RM67/MMBtu in 2023	(39,637)

All changes taken in isolation, a reduction in selling price by 17.2%, increase in raw sugar price by USD2.2 cents/lb, increase in terminal value growth rate by 6.9%, increase in discount rate by 3.6%, decrease in sales volume by 17.1%, increase in freight charges by RM23/MT, increase in landed cost by RM96/MT and increase in natural gas prices by 15.7% would result in the recoverable amount being equal to the carrying amount.

2021

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Landed Cost	Increase by RM15/mt	(105,500)
Domestic sales volume	Reduce by 30%	(42,900)
Fine syrup sales volume	Reduce by 24kmt – 29kmt	(50,200)
Natural gas price	Increase by 10%	(38,500)

A reduction in domestic selling price by RM297/MT, increase in raw sugar price by USD1.2 cents/lb, reduction in terminal value growth rate by 4.6%, increase in discount rate by 1.8%, decrease in domestic sales volume by 18.9% and increase in exchange rate by RM0.33/USD would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

20 INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2022 RM'000	2021 RM'000
<u>Unquoted investments, at cost</u>			
At 1 January		1,365,469	2,157,406
Additional investment in a subsidiary	20(a)	1,017,500	122,000
Capital contribution during the year	20(a)	23,106	-
Liquidation of a subsidiary	20(b)	(4,477)	-
Disposal of investment in subsidiary	20(c)	-	(913,937)
At 31 December		2,401,598	1,365,469
<u>Accumulated impairment</u>			
At 1 January		93,618	856,168
Liquidation of a subsidiary	20(b)	(872)	-
Disposal of investment in subsidiary	20(c)	-	(762,550)
At 31 December		92,746	93,618
Net investment in subsidiaries		2,308,852	1,271,851

(a) Additional investment in subsidiaries

- i. Additional investment and capital contribution in MSM Sugar Refinery (Johor) Sdn. Bhd.

During the financial year ended 31 December 2022, MSM Malaysia Holdings Berhad ("the Company") made a capital injection of RM1,040,605,879 to MSM Sugar Refinery (Johor) Sdn. Bhd. ("MSMJ") by way of capitalising loan due from MSMJ of RM798,675,329 (net of impairment that was previously recognised of RM13,433,142) and cash injection of RM241,930,550.

- ii. Capital injection in MSM Perlis Sdn Bhd

During the financial year ended 31 December 2021, MSM Malaysia Holdings Berhad ("the Company") made a capital injection of RM122,000,000 to MSM Perlis Sdn. Bhd. ("MSMP") for the purpose of balance sheet restructuring prior to disposal of MSMP.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (b) Liquidation of a subsidiary during the financial year

MSM Trading International DMCC ("MTI Dubai") is a wholly owned subsidiary of MSM Malaysia Holdings Berhad ("MSMH") and was in the business of raw and refined sugar trading. MTI Dubai had ceased its operations in April 2019 after its business functions were brought back to Malaysia and assumed by MSM Prai Berhad. Subsequently, MTI Dubai has filed for voluntary winding up and the winding-up exercise was completed on 16 September 2022 as per the Deregistration Letter issued by Dubai Multi Commodities Centre.

- i. The effect of the liquidation on the financial position of the Group as at the financial year end is as follows:

Equity	RM'000
Share capital	(4,477)
Accumulated losses	1,968
Current loss	87
Foreign exchange reserve	(1,881)
Total Equity of MTI Dubai	(4,303)
Add: Cash inflow from liquidation	4,013
Loss on liquidation	(290)
Add: Realisation of foreign exchange reserve upon liquidation	1,881
Net gain on liquidation of MTI Dubai	1,591

- ii. The effect of the liquidation on the financial position of the Company as at the financial year end is as follows:

	RM'000
Cost of investment in MTI Dubai	(4,477)
Impairment of cost of investment	872
Carrying value of cost of investment	(3,605)
Less: Cash inflow from liquidation	4,013
Net gain on liquidation of MTI Dubai	408

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (c) Disposal of a subsidiary during the previous financial year

On 29 September 2021, the Company completed the disposal of the entire equity of MSMP, a wholly owned subsidiary of the Company, for a total cash consideration of RM181,106,000, which resulted in a gain on disposal of RM91,814,000 to the Group and a gain on disposal of RM28,721,000 to the Company after net cost to sell.

The effect of the disposal of MSM Perlis Sdn. Bhd. on the financial position of the Group as at the financial year end is as follows:

Net asset disposed	RM'000
Asset held for sale	89,421
Receivables	439
Income tax recoverable	533
Cash and cash equivalents	5,204
Payables	(72)
Deferred tax liabilities	(7,171)
Net asset disposed	88,354
Cost to sell	938
Gain on disposal of a subsidiary [#]	91,814
Proceeds from disposal of a subsidiary	181,106

- [#] Of the total gain, RM6,287,000 is shown as gain disposal for continuing operations and RM85,527,000 is shown as gain on disposal from discontinued operations.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries, are as follows:

Name of subsidiaries	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group	
			2022	2021	2022	2021
			%	%	%	%
<u>Direct subsidiaries</u>						
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of refined sugar products	100	100	100	100
MSM Trading & Distribution Sdn Bhd	Malaysia	Dormant	100	100	100	100
MSM Sugar Refinery (Johor) Sdn Bhd	Malaysia	Sugar refining, sales and marketing of refined sugar products	100	100	100	100
MSM Trading International DMCC*	United Arab Emirates	Trading in sugar (liquidated)	-	100	-	100
<u>Indirect subsidiary through MSM Prai Berhad</u>						
MSM Logistics Sdn Bhd	Malaysia	Provision of transportation services	-	-	100	100

* Audited by firms other than member firms of PricewaterhouseCoopers International Limited.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

21 LOAN DUE FROM A SUBSIDIARY

	Note	Company	
		2022 RM'000	2021 RM'000
Islamic term loan – MSM Sugar Refinery (Johor) Sdn Bhd		798,675	1,054,803
Loss allowance	8	-	(13,433)
Capitalised as cost of investment in subsidiary		(798,675)	-
		-	1,041,370
Analysed as:			
Non-current		-	1,041,370

The interest rates charged during the financial year were as follows:

	2022 %	2021 %
Islamic term loan	4.39 - 5.44	4.36 - 4.37

Islamic term loan is unsecured, with interest charged at a rate which is at the prevailing rate based on a licensed bank's Islamic term loan facility rate on the day of the drawing.

The outstanding loan due from a subsidiary has been fully capitalised in the current financial year as cost of investment in a subsidiary.

(a) Reconciliation of loss allowance

Loan due from subsidiaries using general 3 stage approach

The loss allowance for loan due from subsidiaries as at 31 December 2022 reconciles to the opening loss allowance for that provision as follows:

	Note	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
Opening loss allowance as at 1 January 2021					
Individual financial assets transferred to under-performing (credit-impaired financial assets)	1a, 8	-	(13,433)	-	(13,433)
Closing loss allowance as at 31 December 2021					
Capitalisation of loan due from a subsidiary to cost of investment in subsidiary	1b,8	-	13,433	-	13,433
Closing loss allowance as at 31 December 2022					
		-	-	-	-

Note 1a:

The loss allowance recognised in the previous financial year subsequent to the revised repayment plan agreed by the Company with the subsidiary.

Note 1b:

The outstanding loan due from subsidiary has been fully capitalised in the current financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

21 LOAN DUE FROM A SUBSIDIARY (CONTINUED)

(b) Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of the subsidiaries for which an ECL allowance is recognised. Their gross carrying amounts disclosed below also represents the Group's maximum exposure to credit risk on these assets:

Group internal credit rating	Expected credit loss	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM' 000	Loss allowance RM' 000	Carrying amount (net of loss allowance) RM' 000
2021					
Under performing	1.3%	Lifetime ECL	1,054,803	(13,433)	1,041,370

22 LEASE RECEIVABLES

	Company	
	2022 RM' 000	2021 RM' 000
Not later than 1 year	2,167	2,167
Later than 1 year	81,592	82,732
	83,759	84,899

The leased asset is in respect of a piece of leasehold land acquired for the construction of a sugar refinery which the Company leases to a subsidiary of the Company. The Company and its subsidiary had agreed that the total investment recovery cost of RM87,346,451 as at 30 April 2016, which is the commencement date of the lease agreement for the said land, will be recovered by the subsidiary over a period of 59 years. Accordingly, the Company has transferred the net book value of the leasehold land amounting to RM87,346,451 as at 30 April 2016 from property plant and equipment to lease receivables in 2019.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Company	
	2022 RM' 000	2021 RM' 000
Within 1 year	2,167	2,167
In the second year	2,167	2,167
In the third year	2,167	2,167
In the fourth year	2,167	2,167
In the fifth year	2,167	2,167
After the fifth year	102,374	104,540
Total undiscounted lease payments receivable	113,209	115,375
Unearned finance income	(29,450)	(30,476)
Net investment in the lease	83,759	84,899

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

23 RECEIVABLES

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Current assets:				
Trade receivables	245,001	265,099	-	-
Other receivables	29,163	41,493	30	20
Deposits	3,934	4,054	11	11
Prepayments	8,882	12,248	703	357
	286,980	322,894	744	388
Loss allowance – Trade receivables	(4,127)	(7,603)	-	-
Loss allowance – Other receivables	(243)	(8,048)	-	-
Total receivables	282,610	307,243	744	388

The receivables are denominated as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Ringgit Malaysia	238,490	237,173	744	388
US Dollar	43,841	70,070	-	-
Others	279	-	-	-
	282,610	307,243	744	388

Credit term of trade receivables range between 30 to 60 days (2021: 30 to 60 days).

(a) Included in other receivables are cash placed for sugar futures trading facilities of RM19,529,000 (2021: RM17,970,000).

(b) Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, as the Group has not identified any forward looking assumptions which correlate to the historical loss rates.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

23 RECEIVABLES (CONTINUED)

(b) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

The movement of loss allowance for trade receivables is as follows:

	Note	Trade receivables	
		2022 RM' 000	2021 RM' 000
At 1 January		(7,603)	(10,632)
Decrease in loss allowance recognised in profit or loss during the year	8	3,476	3,029
At 31 December		(4,127)	(7,603)

31 December 2022

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM' 000	Less than 30 days past due RM' 000	More than 30 days past due RM' 000	More than 60 days past due RM' 000	More than 90 days past due RM' 000	Total RM' 000
31 December 2022						
Gross carrying amount – trade receivables	233,158	6,532	1,113	131	4,067	245,001
Individual assessment – credit impaired	-	-	-	-	(1,280)	(1,280)
	233,158	6,532	1,113	131	2,787	243,721
Expected loss rate	0.04%	0.40%	2.07%	9.92%	96.84%	
Collective loss allowance	(86)	(26)	(23)	(13)	(2,699)	(2,847)
Carrying amount (net of loss allowance)	233,072	6,506	1,090	118	88	240,874

Decrease in loss allowance since prior year is due to receipts from customers during the financial year.

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM' 000	Credit- impaired RM' 000	Total RM' 000
31 December 2022			
Gross carrying amount	-	1,280	1,280
Loss allowance	-	(1,280)	(1,280)
Carrying amount (net of loss allowance)	-	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

23 RECEIVABLES (CONTINUED)

(b) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

31 December 2021

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM' 000	Less than 30 days past due RM' 000	More than 30 days past due RM' 000	More than 60 days past due RM' 000	More than 90 days past due RM' 000	Total RM' 000
31 December 2021						
Gross carrying amount – trade receivables	209,976	6,114	2,910	886	45,213	265,099
Individual assessment – credit impaired	-	-	-	-	(3,660)	(3,660)
Individual assessment – non-credit impaired	-	-	-	-	(37,648)	(37,648)
	209,976	6,114	2,910	886	3,905	223,791
Expected loss rate	0.12%	1.00%	5.54%	12.35%	81.87%	
Collective loss allowance	(263)	(61)	(161)	(109)	(3,197)	(3,791)
Carrying amount (net of loss allowance)	209,713	6,053	2,749	777	708	220,000

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM' 000	Credit- impaired RM' 000	Total RM' 000
31 December 2021			
Gross carrying amount		37,648	41,308
Loss allowance		(3,660)	(3,812)
Carrying amount (net of loss allowance)		-	37,496

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

23 RECEIVABLES (CONTINUED)

- (b) Reconciliation of loss allowance (continued)
- (ii) Other receivables using general 3 stage approach

The loss allowance for other receivables as at 31 December 2022 reconciles to the opening loss allowances for that provision as follows:

	Note	Performing RM' 000	Under- performing RM' 000	Non- performing RM' 000	Total RM' 000
Opening loss allowance as at 1 January 2021		-	(243)	-	(243)
Individual financial assets transferred to under-performing (credit-impaired financial assets)	8	-	(7,864)	-	(7,864)
Reversal of loss allowance	16	-	16	-	16
Changes in allowance from disposal of a subsidiary		-	43	-	43
Closing loss allowance as at 31 December 2021		-	(8,048)	-	(8,048)
Individual financial assets transferred to under-performing (credit-impaired financial assets)	8	-	(243)	-	(243)
Written off as bad debts		-	8,048	-	8,048
Closing loss allowance as at 31 December 2022		-	(243)	-	(243)

24 INVENTORIES

	Group	
	2022 RM' 000	2021 RM' 000
At cost:		
- Raw materials	171,780	194,342
- Work-in-progress	-	30,521
- Finished goods	31,721	103,060
- Consumable stores	26,310	23,454
- Molasses	4,535	261
At net realisable value:		
- Raw materials	54,497	57,427
- Work-in-progress	38,734	11,994
- Finished goods	32,946	-
	360,523	421,059

Write downs of inventories to net realisable value amounted to RM13,994,000 (2021: RM13,436,000). These were recognised as an expense during the year and included in cost of sales in the statement of profit or loss (Note 11).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

25 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Current assets				
Amounts due from:				
Subsidiaries	-	-	16,610	19,265
Other related companies	1,382	3,048	-	94
Less: loss allowance	(414)	-	-	-
Immediate holding company	-	1	-	-
	968	3,049	16,610	19,359
Current liabilities				
Amounts due to:				
Subsidiaries	-	-	12	5
Other related companies	6,937	3,936	60	117
Immediate holding company	328	2,982	208	1,887
Ultimate holding body	65	-	65	-
	7,330	6,918	345	2,009

- (a) Amounts due from/(to) subsidiaries are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 180 days (2021: 30 to 180 days).
- (b) Amounts due from/(to) other related companies are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 60 days (2021: 30 to 60 days).
- (c) The amount due from/(to) the immediate holding company represents non-trade balance, which is expected to be settled within the normal credit period of 90 days (2021: 90 days) and is denominated in Ringgit Malaysia, unsecured and interest free.
- (d) Amount due to ultimate holding body relates to office rental charges which is denominated in Ringgit Malaysia, unsecured and interest free and repayable within 60 days.
- (e) The fair value of amount due from/(to) subsidiaries, other related companies, immediate holding company and ultimate holding body approximates its carrying value, as the impact of discounting is not significant.



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

25 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY (CONTINUED)

Reconciliation of loss allowance

To measure the expected credit losses, amounts due from subsidiaries, other related companies and immediate holding company have been grouped based on shared credit risk characteristics and the days past due.

For amounts due from subsidiaries, other related companies and immediate holding company which are trade related, the expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, as the Group has not identified any forward looking assumptions which correlate to the historical loss rates.

The movement of loss allowance for amounts due from related companies is as follows:

	Note	2022 RM' 000	2021 RM' 000
At 1 January		-	(3,200)
(Loss allowance)/ Reversal of loss allowance recognised in profit or loss during the year	8	(414)	3,200
At 31 December		(414)	-

26 LOANS DUE TO A SUBSIDIARY

	Company	
	2022 RM' 000	2021 RM' 000
Non-current liability		
Loans due to a subsidiary		
Unsecured:		
- Financing in nature	95,157	92,554
Current liability		
Loans due to a subsidiary		
Unsecured:		
- Financing in nature	230	31,228

Loans due to a subsidiary relates to a short term and long term funding facility from a subsidiary. The loan is unsecured, denominated in Ringgit Malaysia and the average interest rate of the loan ranges from 2.82% - 4.62% (2021: 3.02% - 4.48% per annum). Short term funding is repayable in 6 months from the drawdown date. Long term funding is repayable within 6 years.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

27 DERIVATIVE FINANCIAL INSTRUMENTS

Group	2022		2021	
	Assets RM' 000	Liabilities RM' 000	Assets RM' 000	Liabilities RM' 000
Non-current:				
Islamic profit rate swap	-	(193)	-	(3,571)
Current:				
Sugar futures contracts	-	-	-	(963)
Brent crude oil options contracts	-	(853)	-	(2,133)
Foreign exchange forward contract	-	(16,890)	-	(653)
	-	(17,936)	-	(7,320)

Group	2022		2021	
	Notional amount RM' 000	Derivative liabilities RM' 000	Notional amount RM' 000	Derivative liabilities RM' 000
Islamic profit rate swap	125,000	(193)	208,333	(3,571)
Sugar futures contracts	-	-	1,882	(963)
Brent crude oil options contracts	1,980	(853)	4,155	(2,133)
Foreign exchange forward contracts	398,394	(16,890)	88,234	(653)
	525,374	(17,936)	302,064	(7,320)

Company	2022		2021	
	Assets RM' 000	Liabilities RM' 000	Assets RM' 000	Liabilities RM' 000
Non-current:				
Islamic profit rate swap	-	(193)	-	(3,571)

Company	2022		2021	
	Notional amount RM' 000	Derivative liabilities RM' 000	Notional amount RM' 000	Derivative liabilities RM' 000
Islamic profit rate swap	125,000	(193)	208,333	(3,571)



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Fixed deposits with licensed investment bank in Malaysia	208,810	81,119	52,841	37,395
Cash and bank balances	12,154	113,656	767	16,387
Deposits, cash and bank balances	220,964	194,775	53,608	53,782
Less: Restricted cash	(20,041)	(16,693)	(20,041)	(16,693)
Cash and cash equivalents	200,923	178,082	33,567	37,089

The effective interest rates of the fixed deposits range from 1.52% - 4.25% (2021: 1.60% - 2.13%) per annum for the Group and range from 1.65% - 3.00% (2021: 1.60% - 2.13%) per annum for the Company respectively. All fixed deposits have original maturity terms of 3 months or less (2021: 3 months or less).

Bank balances are deposits held at call with banks and earn no interest.

Restricted cash relates to bank balance pledged in order to obtain certain bank facilities.

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Ringgit Malaysia	146,321	118,721	53,608	53,782
US Dollar	74,643	76,054	-	-
	220,964	194,775	53,608	53,782

Credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
AAA	208,810	81,119	52,841	37,395

AAA - A financial institution rated AAA has a superior capacity to meet its financial obligations. This is the highest long-term financial institution rated assigned by RAM Ratings.

AA - A financial institution rated AA has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

A - A financial institution rated A has an adequate capacity to meet its financial obligations. The financial institution is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscripts 1 indicates that the financial institution ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscripts 3 indicates that the financial institution ranks at the lower end of its generic rating category.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

29 ASSETS HELD FOR SALE

Group	Note	Leasehold land RM' 000	Plant and machinery RM' 000	Total RM' 000
2022				
As at 1 January 2022		7,682	11,300	18,982
Disposal	17	-	(11,300)	(11,300)
As at 31 December 2022		7,682	-	7,682

Group	Note	Leasehold land RM' 000	Plant and machinery RM' 000	Building and office equipment RM' 000	Total RM' 000
2021					
As at 1 January 2021		86,636	154	2,874	89,664
Transferred from property, plant and equipment	17	-	11,300	-	11,300
Transferred from right-of-use-assets	18	7,682	-	-	7,682
Disposal		-	(152)	(91)	(243)
Disposal of subsidiary	20	(86,636)	(2)	(2,783)	(89,421)
As at 31 December 2021		7,682	11,300	-	18,982

30 SHARE CAPITAL

	Group and Company			
	2022 Number of shares	2021 Number of shares	2022 RM' 000	2021 RM' 000
Issued and fully paid up:				
Ordinary shares				
At 1 January/31 December	702,980,000	702,980,000	718,255	718,255



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

31 RESERVES

(i) Reorganisation deficit (non-distributable)

Reorganisation deficit comprises the difference between the fair value of 577,979,800 new ordinary shares issued at RM3.50 per share on 20 May 2011 and the carrying amounts of the sugar business as at January 2010. It is recognised as reorganisation deficit in accordance with the predecessor method of accounting.

(ii) Merger relief reserve (non-distributable)

Merger relief reserve comprises the 577,979,800 new ordinary shares with a par value of RM0.50 each issued at a fair value of RM3.50 per share for the acquisition of entire equity interests in MSM Prai Berhad and MSM Perlis Sdn Bhd on 20 May 2011. The difference between par value and fair value is recognised as merger relief reserve in accordance with section 60(4) of the Companies Act 1965.

(iii) Foreign exchange reserve

The foreign exchange reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(iv) Cash flow hedge reserve

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps which are designated in cash flow hedge relationships.

To the extent this hedge is effective, the change in fair value of the hedge instrument is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion of the interest rate swaps is reclassified to profit or loss and recognised within 'finance cost'.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

32 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Deferred tax liabilities/(assets)				
- Subject to income tax	35,940	39,911	(216)	(372)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
At 1 January		39,911	47,010	(372)	(158)
Disposal of MSM Perlis		-	(7,171)	-	-
		39,911	39,839	(372)	(158)
(Credited)/Charged to profit and loss:	14, 16				
- property, plant and equipment		1,004	3,989	(8)	(24)
- payables and accruals		1,281	(2,258)	88	(190)
- intangible assets		(2,420)	(2,421)	-	-
- unabsorbed capital allowances		(11)	-	-	-
- unabsorbed business losses		(128)	-	-	-
- receivables		(271)	271	-	-
- right-of-use assets		4,463	(81)	1,032	-
- derivative financial (assets)/liabilities		(3,567)	676	-	-
- lease liabilities		(4,322)	(104)	(956)	-
(Credited)/Charged to profit and loss		(3,971)	72	156	(214)
At 31 December		35,940	39,911	(216)	(372)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

32 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	23,964	22,960	40	48
- right-of-use assets	5,102	639	1,032	-
- intangible assets	18,036	20,456	-	-
- receivables	-	271	-	-
	47,102	44,326	1,072	48
Offsetting	(11,162)	(4,415)	(1,072)	(48)
Deferred tax liabilities (after offsetting)	35,940	39,911	-	-
Deferred tax assets (before offsetting)				
- derivatives	3,567	-	-	-
- unabsorbed capital allowances	11	-	-	-
- payables and accruals	2,216	3,497	332	420
- lease liabilities	5,240	918	956	-
- unabsorbed business loss	128	-	-	-
	11,162	4,415	1,288	420
Offsetting	(11,162)	(4,415)	(1,072)	(48)
Deferred tax assets (after offsetting)	-	-	216	372

The amount of unused tax losses and deductible temporary differences (subject to approval by the Inland Revenue) for which no deferred tax assets are recognised in the statement of financial position of the Group as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Unused tax losses	420,579	304,711	-	-
Unabsorbed capital allowances	528,436	431,521	-	-
Taxable temporary differences	(384,491)	(323,879)	-	-
	564,524	412,353	-	-

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses will be imposed with a limit of utilisation for 7 consecutive years. In Budget 2022, the existing time limit to carry forward unutilised business losses to be extended to 10 consecutive YAs. The existing transitional provision for unutilised business losses from YA 2018 be allowed to be carried forward for 10 consecutive YAs, until YA 2028.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

32 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

The Group's unused tax losses as of 31 December 2022 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry are as follows:

	Group	
	2022 RM' 000	2021 RM' 000
Continuing operations		
Expiring in 2028	85,010	85,010
Expiring in 2029	178,813	178,813
Expiring in 2030	27,446	27,445
Expiring in 2031	13,138	13,443
Expiring in 2032	116,172	-
	420,579	304,711

33 PAYABLES

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Current liabilities:					
Trade payables		12,486	5,339	-	-
Other payables		72,821	59,321	1,603	4,119
Accruals		237,363	232,846	2,692	2,401
Unpaid balance for acquisition of property, plant and equipment	36	11,872	3,728	64	-
Total payables		334,542	301,234	4,359	6,520

Trade payables carry credit periods between 30 to 60 days (2021: 30 to 60 days).

Included in accruals is RM156,000,000 (2021: RM172,000,000) which relates to purchase of raw material.

The fair value of the payables approximates their carrying value, as the impact of discounting is not significant.

The payables are denominated as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
- Ringgit Malaysia	333,039	300,863	4,359	6,520
- United States Dollar	1,478	371	-	-
- Japanese Yen	25	-	-	-
	334,542	301,234	4,359	6,520



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

34 BORROWINGS

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Non-current liabilities:				
Islamic term loans				
- Secured	299,210	363,885	299,210	363,885
Current liabilities:				
Islamic term loans				
- Secured	63,101	50,236	63,101	50,236
Bankers' acceptances				
- Unsecured	517,156	378,935	-	-
	580,257	429,171	63,101	50,236
	879,467	793,056	362,311	414,121

All borrowings are denominated in Ringgit Malaysia.

Bankers' acceptances

The average interest rates of the borrowings range approximately 2.60% to 4.40% (2021: 2.30% to 3.30%) per annum.

Islamic term loans

The average interest rates of the borrowings range approximately 4.39% to 5.44% (2021: 4.36% to 4.37%) per annum.

The Islamic term loans which have a tenure of 12 years (2021: 12 years) are secured against a leasehold land, debenture and certain bank balances of the Group.

The Group and the Company are required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually (2021: annually).

The Group had received a waiver letter dated 8 November 2022 from the lender granting a waiver on one of the financial covenants for the financial year ended 31 December 2022 and therefore was not required to meet this covenant. The Group has complied with the other two of the financial covenants for the year ended 31 December 2022.

In the financial year ended 31 December 2021, the Company has made an additional prepayment of RM114,256,000. As a result of the prepayments, the Company has recorded a loan modification cost of RM9,749,000.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

35 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the Group and Company's ultimate holding body effective from 24 December 2020, is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Deposit placing with and deposit taking from government-related entities
- Utilities services provided by the government-related entities

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Group are as follows:

Related parties

Federal Land Development Authority ("FELDA")
 FGV Holdings Berhad ("FGVH")
 Koperasi Permodalan FELDA Malaysia Berhad ("KPF")
 Felda Holdings Berhad ("FHB")
 MSM Perlis Sdn Bhd ("MSM Perlis")
 FGV Integrated Farming Holdings Sdn Bhd ("FGVIF")
 FGV R&D Sdn Bhd ("FGV R&D")
 FGV Applied Technologies Sdn Bhd ("FGVAT")
 KPF Trading Sdn Bhd (Felda Trading Sdn Bhd) ("KPF Trading")
 KPF Niaga Sdn Bhd ("KPF Niaga")
 Felda D'Saji Sdn Bhd ("D'Saji")
 FGV Prodata Systems Sdn Bhd ("FPSB")
 FGV Security Services Sdn Bhd ("FSS")
 FGV Transport Sdn Bhd ("FGVT")
 Felda Travel Sdn Bhd ("Felda Travel")
 Delima Oil Products Sdn Bhd ("D.O.P")
 FGV Kernel Products Sdn Bhd ("FKPSB")
 FGV Johor Bulkiers Sdn Bhd ("FGVJB")
 Langsat Bulkiers Sdn Bhd ("Langsat Bulkiers")
 MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor")
 MSM Logistics Sdn Bhd ("MSM Logistics")
 MSM Prai Berhad ("MSM Prai")
 MSM Trading & Distribution Sdn Bhd ("MSM Trading")
 MSM Trading International DMCC ("MSM Trading International")

Relationship

Ultimate holding body
 Immediate holding company
 Related company
 Subsidiary of FGVH
 Subsidiary of FGVH
 Subsidiary of FGVH
 Subsidiary of FGVH
 Subsidiary of KPF
 Subsidiary of KPF
 Subsidiary of KPF
 Subsidiary of FHB
 Subsidiary company
 Subsidiary company
 Subsidiary company
 Subsidiary company



Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
(i) Transactions with FGVH and subsidiaries of FGVH:				
- management fees:				
- current year	3,085	2,954	1,782	1,697
- sales of refined sugar	(17)	(16)	-	-
- interest expense	-	417	-	124
- other services	145	(759)	-	1
	3,213	2,596	1,782	1,822
(ii) Transactions with FHB and subsidiaries of FHB:				
- sales of refined sugar	(55)	(43)	-	-
- security services (FSS)	2,037	1,752	-	-
- transportation services	16,197	5,771	-	-
- rental of tanker	399	-	-	-
- other services	106	59	78	103
(iii) Transactions with subsidiaries of KPF:				
- sales of refined sugar	(3,633)	(1,921)	-	-
- insurance service	-	302	-	-
- provision of refreshment	78	4	78	4
(iv) Transaction with FELDA				
- rental	889	885	889	885

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (continued)

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
(v) Transactions with subsidiaries:				
Dividends received from:				
- MSM Prai	-	-	(100,000)	(186,000)
Interest received/receivable from:				
- MSM Johor	-	-	(33,319)	(52,750)
Interest paid/payable to:				
- MSM Prai	-	-	2,834	4,927
Management fees from:				
- MSM Prai	-	-	(9,537)	(8,040)
- MSM Perlis	-	-	-	(1,395)
- MSM Logistics	-	-	(315)	(182)
- MSM Johor	-	-	(4,467)	(4,020)
Office rental from:				
- MSM Johor	-	-	(22)	(16)
- MSM Prai	-	-	(242)	(202)
- MSM Logistics	-	-	-	(5)
Land rental from:				
- MSM Johor	-	-	(2,167)	(2,167)
(vi) Transactions with subsidiaries:				
Loan modification recharge (receivable)/payable from MSM Johor	-	-	-	(2,167)
Lease interest recharge receivable from MSM Johor	-	-	(1,026)	(1,040)

These transactions were undertaken on agreed terms between the related parties.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant financial year end balances are as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Amount due to immediate holding company, FGVH	(328)	(2,982)	(208)	(1,887)
Amount due from immediate holding company, FGVH	-	1	-	-
Amounts due from/(to) other related companies				
Due from				
- KPF	967	2,950	-	-
- Other related companies	1	98	-	94
	968	3,048	-	94
Due to				
- Ultimate holding body, FELDA	(65)	-	(65)	-
- Other related companies	(6,937)	(3,936)	(60)	(117)
	(7,002)	(3,936)	(125)	(117)
Amounts due from subsidiaries:				
- MSM Prai	-	-	8,084	7,102
- MSM Logistics	-	-	189	215
- MSM Johor	-	-	8,329	11,769
- MSM Trading	-	-	8	6
- MSM Trading International	-	-	-	173
	-	-	16,610	19,265
Amounts due to subsidiaries:				
- MSM Johor	-	-	(12)	(5)
Loans due from subsidiaries, net of repayments:				
- MSM Johor	-	-	-	1,041,370
	-	-	-	1,041,370
Loans due to a subsidiary, net of repayments:				
- MSM Prai	-	-	(95,387)	(123,782)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Key management personnel comprise Directors and senior management and above of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The aggregate amount of emoluments received/receivable by Directors of the Group during the year is disclosed in Note 12 to the financial statements.

The aggregate amount of emoluments received/receivable by other key management personnel of the Group and Company during the year is as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Salary, allowances and bonuses	9,380	7,200	6,161	4,941
Defined contribution plan	1,524	1,160	988	785
Other employee benefits	162	43	120	33
Total	11,066	8,403	7,269	5,759

Benefits-in-kind provided to other key management personnel of the Group and of the Company amounted to RM22,539 (2021: RM20,400) and RM22,539 (2021: RM20,400) respectively.

36 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Note	Group		Company	
		2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Aggregate cost of property, plant and equipment		60,858	38,204	223	968
Capitalisation of borrowing cost		(1,387)	(880)	-	-
Unpaid balances included in other payables and accruals	33	(11,872)	(3,728)	(64)	-
Cash paid in respect of previous financial years acquisition		3,422	8,172	-	-
		51,021	41,768	159	968

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

37 LEASE LIABILITIES

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
At 1 January	4,545	4,942	722	1,549
Addition	18,726	824	4,075	-
Payment of lease liabilities	(2,354)	(1,462)	(863)	(884)
Interest expense on lease liabilities	914	241	49	57
At 31 December	21,831	4,545	3,983	722
Classified as:				
Current	1,228	996	568	722
Non Current	20,603	3,549	3,415	-
	21,831	4,545	3,983	722

38 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Property, plant and equipment:				
- contracted and not provided for	77,976	99,982	1,789	374
- authorised and not contracted for	189,911	155,470	3,535	5,792
	267,887	255,452	5,324	6,166

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

39 FINANCIAL INSTRUMENTS

The analysis of classification of financial instruments are as follows:

Group	Amortised cost		Fair value through profit or loss	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
As at 31 December				
Financial assets				
Current assets				
Receivables (excluding prepayments)	273,728	294,995	-	-
Amount due from immediate holding company	-	1	-	-
Amounts due from other related companies	968	3,048	-	-
Deposits, cash and bank balances	220,964	194,775	-	-
Total financial assets	495,660	492,819	-	-

Group	Liabilities at amortised cost		Liabilities at fair value through profit or loss	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
Financial liabilities				
Non-current liabilities				
Borrowings	299,210	363,885	-	-
Lease liabilities	20,603	3,549	-	-
Derivatives financial liabilities	-	-	193	3,571
	319,813	367,434	193	3,571
Current liabilities				
Payables	334,377	301,234	-	-
Amount due to immediate holding company	328	2,982	-	-
Amounts due to other related companies	6,937	3,936	-	-
Amount due to ultimate holding body	65	-	-	-
Borrowings	580,257	429,171	-	-
Lease liabilities	1,228	996	-	-
Derivative financial liabilities	-	-	17,743	3,749
	923,192	738,319	17,743	3,749
Total financial liabilities	1,243,005	1,105,753	17,936	7,320

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

39 FINANCIAL INSTRUMENTS (CONTINUED)

The analysis of classification of financial instruments are as follows: (continued)

Company	Amortised cost		Fair value through profit or loss	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
<u>As at 31 December</u>				
<u>Financial assets</u>				
<u>Non-current assets</u>				
Loans due from subsidiaries	-	1,041,370	-	-
Lease receivables	81,592	82,732	-	-
	81,592	1,124,102		
<u>Current assets</u>				
Receivables (excluding prepayments)	41	31	-	-
Amount due from subsidiaries	16,610	19,265	-	-
Amounts due from other related companies	-	94	-	-
Deposits, cash and bank balances	53,608	53,782	-	-
Lease receivables	2,167	2,167	-	-
	72,426	75,339	-	-
Total financial assets	154,018	1,199,441	-	-

Company	Liabilities at amortised cost		Liabilities at fair value through profit or loss	
	2022 RM' 000	2021 RM' 000	2022 RM' 000	2021 RM' 000
<u>Financial liabilities</u>				
<u>Non-current liabilities</u>				
Borrowings	299,210	363,885	-	-
Lease liabilities	3,415	-	-	-
Loan due to subsidiary	95,157	92,554	-	-
Derivatives financial liabilities	-	-	193	3,571
	397,782	456,439	193	3,571
<u>Current liabilities</u>				
Payables	4,359	6,520	-	-
Amounts due to subsidiaries	12	5	-	-
Amounts due to other related companies	60	117	-	-
Amount due to ultimate holding body	65	-	-	-
Loan due to a subsidiary	230	31,228	-	-
Amount due to immediate holding company	208	1,887	-	-
Borrowings	63,101	50,236	-	-
Lease liabilities	568	722	-	-
	68,603	90,715	-	-
Total financial liabilities	466,385	547,154	-	3,571

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

40 SEGMENT INFORMATION

Prior to the disposal of plantation segment in previous financial year, the reportable operating segments were identified as:-

- (i) Sugar - sugar refining and sales, marketing of refined sugar and commodity trading
- (ii) Palm oil, rubber and mango – palm oil, rubber and mango plantation

The Group now operates a single product business primarily engaged in sugar refining, sales and marketing of refined sugar and trading of sugar. Segment analysis has not been prepared for the current financial year given segmentation is not part of the regular internal financial information reported to Chief Operational Decision Maker (CODM).

The table below shows segment analysis of previous year ended 31 December 2021 for the reportable operating segments previously identified by CODM.

Group	Continuing operations			Discontinued operation	Total
	Sugar RM' 000	Reconciliation RM' 000	Subtotal RM' 000	Rubber, palm oil and mango RM' 000	
2021					
Total segment revenue	2,259,698	-	2,259,698	-	2,259,698
Revenue from external customer	2,259,698	-	2,259,698	-	2,259,698
Finance income	1,659	928	2,587	-	2,587
Finance cost	(42,058)	(4,987)	(47,045)	-	(47,045)
Depreciation and amortisation	(80,105)	(2,735)	(82,840)	-	(82,840)
(Impairment loss)/reversal of impairment (net)					
- financial assets	(1,635)	-	(1,635)	16	(1,619)
- non-financial assets	16,427	-	16,427	-	16,427
Profit before zakat and taxation	78,697	2,405	81,102	88,738	169,840
Taxation	(39,036)	(4,451)	(43,487)	-	(43,487)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial year					125,353
Total assets	2,812,247	58,592	2,870,839	-	2,870,839
Total liabilities	1,144,707	13,568	1,158,275	-	1,158,275
Addition to property, plant and equipment	37,236	968	38,204	-	38,204
Addition to intangible assets	1,437	326	1,763	-	1,763

All non-current assets other than financial instruments are located in Malaysia.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022 (Continued)

40 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue

The analysis of revenue by geographical locations is as follows:

	Group	
	2022 RM'000	2021 RM'000
Malaysia	2,022,286	1,753,616
Asia	486,962	481,209
Oceania	56,737	24,873
	2,565,985	2,259,698

41 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 March 2023.

Financial Calendar

Announcement on unaudited consolidated results

2022

- 4th quarter ended 31 December 2021:
22 February 2022
- 1st quarter ended 31 March 2022:
27 May 2022
- 2nd quarter ended 30 June 2022:
22 August 2022
- 3rd quarter ended 30 September 2022:
21 November 2022

2023

- 4th quarter ended 31 December 2022:
22 February 2023

Dividends

Dividend Policy

MSM Group is guided by its dividend payout ratio policy of 50%, however, any distribution will be based on its earnings generation and is subject to the Group's full year results.

2021

- Announcement on declaration of a final single-tier dividend of 3.0 sen per share for the financial year ended 31 December 2021:
10 March 2022
- Date of Entitlement:
29 March 2022

- Date of Payment:
7 April 2022

2022

- No dividend was declared and paid for the financial year ended 31 December 2022

Annual General Meeting

11th Annual General Meeting

- Notice of meeting:
27 April 2022
- Issuance of Annual Integrated Report:
27 April 2022
- Meeting date:
8 June 2022

12th Annual General Meeting

- Notice of meeting:
27 April 2023
- Issuance of Annual Integrated Report:
27 April 2023
- Meeting date:
8 June 2023



Analysis of Shareholdings

As at 31 March 2023

Total Issued Shares	: 702,980,000
Class of Shares	: Ordinary share
Voting Right	: One (1) vote per ordinary share

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Name of Shareholders	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	FGV Sugar Sdn Bhd	281,369,800	40.03	-	-
2	Koperasi Permodalan Felda Malaysia Berhad	107,393,952	15.27	-	-
3	FGV Holdings Berhad	77,150,248	10.97	281,369,800*	40.03
4	Amanahraya Trustees Berhad	52,654,500	7.49	-	-

*Deemed interested by virtue of its interest in FGV Sugar Sdn Bhd, its wholly-owned subsidiary.

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	Datuk Syed Hisham Syed Wazir	-	-	-	-
2	Choy Khai Choon	-	-	-	-
3	Dato' Muthanna Abdullah	-	-	-	-
4	Datuk Dr Abd Hapiz Abdullah	-	-	-	-
5	Dato' Rosini Abd Samad	-	-	-	-
6	Dato' Mohd Nazrul Izam Mansor	-	-	-	-
7	Raja Faridah Raja Ahmad	-	-	-	-
8	Nik Fazila Nik Mohamed Shihabuddin	-	-	-	-
9	Fakhrunniam Othman	-	-	-	-

INFORMATION ON GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Name of Group Chief Executive Officer	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	Syed Feizal Syed Mohammad	-	-	-	-

Analysis of Shareholdings

As at 31 March 2023

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	825	8.85	4,089	0.00
100 to 1,000	2,515	26.99	1,478,873	0.21
1,001 to 10,000	4,277	45.90	20,285,397	2.88
10,001 to 100,000	1,506	16.16	45,487,341	6.47
100,001 to less than 5% of issued shares	191	2.05	117,155,800	16.67
5% and above of issued shares	5	0.05	518,568,500	73.77
Total	9,319	100	702,980,000	100

LIST OF TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	FGV SUGAR SDN BHD	281,369,800	40.03
2	FGV HOLDINGS BERHAD	77,150,248	10.97
3	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	66,305,852	9.43
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	52,654,500	7.49
5	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	41,088,100	5.84
6	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR WII PTE LTD	13,452,000	1.91
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	9,598,000	1.37
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,338,500	1.33
9	TEOH HOOI BIN	4,681,200	0.67
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	3,070,900	0.44
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELINA SHARMALAR SOLOMON (8112136)	2,737,200	0.39
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (8061712)	2,492,700	0.35
13	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GREEN PRISCILLA LEE (1011127)	2,300,000	0.33
14	CHEN CHIH LIANG	2,103,500	0.30
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (MY1091)	2,071,500	0.29



Analysis of Shareholdings

As at 31 March 2023

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	2,023,000	0.29
17	PAK NGA PROPERTY SDN BHD	2,000,000	0.28
18	NGA KO TONG	1,904,900	0.27
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHARTWELL RISE SDN BHD (MPO564)	1,800,000	0.26
20	TEE KONG PENG	1,714,000	0.24
21	LEE BEE LIAN	1,660,100	0.24
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (E-SS2)	1,408,700	0.20
23	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON	1,276,300	0.18
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JACKY YAP YOU WEI (E-KLG/BTG)	1,271,000	0.18
25	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (M)	1,257,300	0.18
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK N.A. (NFS)	1,134,500	0.16
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW CHAI SOON (E-KLC)	1,120,000	0.16
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG	1,112,300	0.16
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAM SENG @ TAM SENG SEN (E-PTS)	1,100,000	0.16
30	LEE HONG CHEN	1,064,000	0.15

List of Top 10 Material Properties

No.	Location/ Address	Ownership/ Tenure	Year Lease Expiring	Approximate Area	Description/ Functions	Years of Acquisition/ Registration new grant	Age - for buildings	Net Book Value (RM' 000)	Rental per annum (RM' 000)
1	PL0 46, Jalan Ipil 2, Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, 81700 Pasir Gudang, Johor Darul Takzim	Owned	N/A	80,369.45 sq.m	Building for Sugar Refinery	2018	4	285,515	
2	PL0 46, Jalan Ipil 2, Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, 81700 Pasir Gudang, Johor Darul Takzim	Leased	2025	50.63 acres	Land for Sugar Refinery	2016	N/A	77,463	
3	798, Main Road, 13600 Prai, Seberang Perai, Penang Malaysia	Owned	N/A	759,071 sq.ft	Building for Sugar refinery	1964	58	25,405	
4	Sebahagian Lot RAC 2003 (Lot A), Sungai Buloh, Mukim Gombak, Daerah Petaling, Selangor	Leased	A lease for 21 years/ Expiring on 31 January 2043	361,831.50 sq.ft	Development of the new siding/ additional siding and other related infrastructures for cranes and unload sugar from the wagon	2022	N/A	13,194	677
5	Lot 61, Jalan BRP 8/1, Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor	Owned	N/A	11,166.75 sq.m	Facility for sugar distribution and storage	1994	28	10,096	
6	H.S.(D) 119796, PT121676, Mukim Kelang, Daerah Klang, Selangor	Leasehold	2097	10,670 sq.m	Vacant land	2013	N/A	4,042	
7	Level 44, Menara FELDA, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur	Leased	2028	15,631 sq.ft	MSM Headquarter	2012	10	3,962	863



List of Top 10 Material Properties

No.	Location/ Address	Ownership/ Tenure	Year Lease Expiring	Approximate Area	Description/ Functions	Years of Acquisition/ Registration new grant	Age - for buildings	Net Book Value (RM'000)	Rental per annum (RM'000)
8	H.S.(D) 119797, PT121677, Mukim Kelang, Daerah Klang, Selangor	Leasehold	2097	9,697 sq.m	Vacant land	2013	N/A	3,640	
9	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot A & B, 798, Main Road, 13600 Prai, Penang	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	97,494 sq.ft	Property erected with molasses tanks, refined sugar warehouse, raw sugar warehouse, container parking area, railway lines and packaging materials warehouse	1969	N/A	2,714	26
	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot C, 798, Main Road, 13600 Prai, Penang	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	60,575 sq.ft	Property erected with raw sugar warehouse and miscellaneous materials warehouse	1970	N/A		16
	H.S. (D) 28137, Lot 287, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang, 798, Main Road, 13600 Prai, Penang	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	605,484 sq.ft	Property erected with raw sugar warehouse and miscellaneous materials warehouse	1965	N/A		163
10	H.S.(D) : 85062, PT No. PT1113, Pekan Sungai Buluh, Daerah Gombak, Negeri Selangor Lot 60, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buluh, Selangor	Freehold	N/A	12,140.4764 sq.m	Facility for sugar distribution and storage.(Land)	1993 Register new land title on 24 September 2016	N/A	2,228	

Notice of 12th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting (12th AGM) of MSM Malaysia Holdings Berhad (MSM or the Company) will be held virtually through live streaming and entirely via Remote Participation and Electronic Voting (RPEV) facilities from Banquet Hall 3, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia as the Broadcast Venue on Thursday, 8 June 2023 at 11.00 a.m. or any adjournment thereof, for the transaction of the following business:

AGENDA

As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note 1
- To approve the payment of Directors' fees to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024 and be paid on a monthly basis.
Please refer to Explanatory Note 2 and Note 3 **(Resolution 1)**
- To approve the payment of benefits payable to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024.
Please refer to Explanatory Note 2 and Note 4 **(Resolution 2)**
- To approve the payment of meeting allowance of RM26,000 to five (5) Non-Executive Directors who were members of the Special Board Committee for the period from July 2022 to November 2022.
Please refer to Explanatory Note 2 and Note 5 **(Resolution 3)**
- To re-elect Dato' Rosini Abd Samad, Non-Executive Director, who retires by rotation in accordance with Clause 99 of the Company's Constitution and who, being eligible, offers herself for re-election.
Please refer to Explanatory Note 6 and Note 7 **(Resolution 4)**
- To re-elect the following Independent Non-Executive Directors, whose tenure is subject to Clause 108 of the Company's Constitution, in accordance with Clause 105 of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - Datuk Syed Hisham Syed Wazir **(Resolution 5)**
 - Choy Khai Choon **(Resolution 6)**
 - Dato' Muthanna Abdullah **(Resolution 7)**
 - Datuk Dr Abd Hapiz Abdullah **(Resolution 8)****Please refer to Explanatory Note 6 and Note 8**
- To re-elect the following Non-Executive Directors in accordance with Clause 105 of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - Dato' Mohd Nazrul Izam Mansor **(Resolution 9)**
 - Raja Faridah Raja Ahmad **(Resolution 10)**
 - Fakhrunniam Othman **(Resolution 11)****Please refer to Explanatory Note 6 and Note 9**



Notice of 12th Annual General Meeting

8. To re-appoint Messrs. PricewaterhouseCoopers PLT as auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration.

Please refer to Explanatory Note 10

As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolution:

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR MSM MALAYSIA HOLDINGS BERHAD (MSM HOLDINGS) AND ITS GROUP OF COMPANIES (MSM HOLDINGS GROUP) AND PROPOSED SHAREHOLDERS' MANDATE FOR THE NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE MSM HOLDINGS GROUP**

"THAT, subject always to the Companies Act, 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (where applicable), approval be and is hereby given to the Company and its subsidiaries to enter into all arrangements and/or transactions involving the interests of the related parties as specified in Appendix 1 of the Circular to the Shareholders dated 27 April 2023, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) not detrimental to the minority shareholders of the Company;

(Proposed Mandates);

AND THAT the Proposed Mandates shall commence immediately upon passing of this ordinary resolution and continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the Proposed Mandates will lapse, unless the Proposed Mandates are renewed by a resolution passed at the next AGM of the Company; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) the Proposed Mandates are revoked or varied by a resolution passed by the Shareholders of the Company in a general meeting of the Company;

whichever is the earlier;

(Resolution 12)

(Resolution 13)

Notice of 12th Annual General Meeting

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and/or its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this resolution and the Proposed Mandates."

Please refer to Explanatory Note 11

10. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016**

(Resolution 14)

"THAT, pursuant to Section 75 of the Companies Act, 2016 and subject always to the Company's Constitution, the Listing Requirements and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company as at the date of such allotment **AND THAT** the Directors be and are also hereby authorised to obtain all necessary approvals from the relevant authorities for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Please refer to Explanatory Note 12

11. To transact any other business of the Company for which due notice shall be given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

AZNI BINTI ARIFFIN

Company Secretary

LS0010610

SSM PC No.: 202008003324

Kuala Lumpur

27 April 2023



Notice of 12th Annual General Meeting

NOTES:

1. Virtual AGM from Broadcast Venue

- (a) Our Company will conduct its virtual 12th AGM online through live streaming and entirely via Remote Participation and Electronic Voting (RPEV) facilities from the Broadcast Venue. Please follow the procedures provided in the **Administrative Guide** for the 12th AGM in order to register, participate and vote remotely via RPEV facilities.
- (b) With the RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the 12th AGM, at the comfort of their home.
- (c) The Broadcast Venue of the 12th AGM is to inform Shareholders where live streaming will be conducted and is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016. As such, shareholders, proxies and corporate representatives will not be permitted to be physically present at or admitted to the Broadcast Venue but instead must participate and vote remotely via RPEV facilities.

2. Proxy

- (a) Shareholders who are unable to participate in the 12th AGM may appoint not more than two (2) proxies to vote on their behalf. Where a member appoints two (2) proxies, each proxy appointed shall represent a minimum of one hundred (100) shares and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each of such proxy.
- (b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of Section 25A(1) of SICDA.
- (c) Where an exempt authorised nominee appoints two (2) or more proxies, each proxy's proportion of shareholdings to be represented must be specified in the instrument appointing the proxies.
- (d) The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- (e) There shall be no restriction as to the qualification of the proxy. Hence, a proxy may but need not be a Member. A proxy appointed to attend and vote at the meeting shall have the same rights as a Shareholder/Member to attend, participate, speak and vote at the meeting.
- (f) **The instrument appointing a proxy (Proxy Form) must be received by Boardroom Share Registrars Sdn Bhd latest by 11.00 a.m., Tuesday, 6 June 2023** and in default, the Proxy Form shall not be treated as valid.

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The Proxy Form may be deposited with Boardroom Share Registrars Sdn Bhd in the following manner:

(a) In Hard Copy Form

The proxy form must be deposited by hand or post to Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(b) By Electronic Means

- (i) Through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and select '**SUBMIT E-PROXY FORM**'. Please refer to the Administrative Guide for the procedures on electronics lodgement of Proxy Form;

OR

- (ii) By sending the Proxy Form by email to bsr.helpdesk@boardroomlimited.com.

- (g) If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our virtual 12th AGM by yourself, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy no later than **Tuesday, 6 June 2023 at 11.00 a.m.**, being 48 hours before the 12th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 12th AGM. In such an event, you should advise your proxy accordingly.

3. Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via RPEV facilities at the 12th AGM of the Company, please refer to the procedures specified in the Administrative Guide for the 12th AGM.

4. Shareholders entitled to participate and vote

For the purpose of determining a Shareholder who shall be entitled to participate and vote at the 12th AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 63 of the Company's Constitution and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at **31 May 2023**. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 31 May 2023 shall be entitled to participate and vote at the 12th AGM or appoint Proxy(ies) to participate and vote on such depositor's behalf.**

5. Registration for remote participation

Registration for remote participation will be opened from **11.00 a.m. on Thursday, 27 April 2023 until Tuesday, 6 June 2023 at 11.00 a.m.** Please follow the procedures provided in the Administrative Guide for the 12th AGM in order to participate in the 12th AGM remotely via RPEV facilities.

6. Voting procedures

The voting procedures at the 12th AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities). The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting and Tricor Business Intelligence & Solutions Sdn Bhd as the Independent Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions and submit the votes on the resolutions at any time from the commencement of the 12th AGM at 11.00 a.m. and will continue until the time declared by the Chairman as the end time of the voting session. Upon completion of the voting session, the Independent Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.





Notice of 12th Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS

Explanatory Note 1:

Audited Financial Statements for the financial year ended 31 December 2022

1.1 This agenda item is meant for presentation and discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016 and Clause 137 of the Company's Constitution, the Audited Financial Statements do not require the Shareholders' approval and hence, will not be put forward for voting.

Explanatory Note 2:

Non-Executive Directors' Remuneration

2.1 Section 230(1) of the Companies Act, 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the Shareholders' approval shall be sought at the 12th AGM on the Non-Executive Directors' remuneration in three (3) separate resolutions below:

- (a) **Resolution 1** : Payment of Directors' fees to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024 be paid on a monthly basis;
- (b) **Resolution 2** : Payment of benefits payable to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024; and
- (c) **Resolution 3** : Payment of meeting allowance of RM26,000 to five (5) Non-Executive Directors who were members of the Special Board Committee for the period from July 2022 to November 2022.

Explanatory Note 3:

Resolution 1 : Payment of Directors' fees to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024 be paid on a monthly basis

3.1 The Board at its meeting held on 31 March 2023 approved the Nomination and Remuneration Committee's (NRC) recommendation for the payment of Directors' fees to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024 (Relevant Period) as set out in the table below:

Non-Executive Directors' (NEDS) Annual Fees	Approved at the 11 th AGM held on 8 June 2022		Approval sought at the 12 th AGM	
	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
Board of Directors	RM315,000	RM120,000	RM315,000	RM120,000
Board Committees' Fees				
- Audit, Governance and Risk Committee	RM64,000	RM32,000	RM64,000	RM32,000
- Nomination and Remuneration Committee	RM35,000	RM20,000	RM35,000	RM20,000
- Investment and Tender Committee	RM32,000	RM16,000	RM32,000	RM16,000
- Other Board Committee	-	-	RM32,000	RM16,000

3.2 The proposed Ordinary Resolution 1, if passed, will allow the Company to pay the Board and Board Committees' fees on monthly basis to the Non-Executive Chairman and to each of the Non-Executive Directors for the Relevant Period in accordance with the existing Non-Executive Directors' Remuneration Policy.

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Explanatory Note 4:

Resolution 2 : Payment of benefits payable to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024

4.1 The Directors' benefits payable for the Non-Executive Chairman and for each of the Non-Executive Directors are proposed as set out in the table below:

Description	Approved at the 11 th AGM held on 8 June 2022		Approval sought at the 12 th AGM	
	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
Meeting Allowance (per meeting attended)				
- Board	RM2,000	RM2,000	RM2,000	RM2,000
- Audit, Governance and Risk Committee	RM2,000	RM2,000	RM2,000	RM2,000
- Nomination and Remuneration Committee	RM2,000	RM2,000	RM2,000	RM2,000
- Investment and Tender Committee	RM2,000	RM2,000	RM2,000	RM2,000
- Other Board Committee	-	-	RM2,000	RM2,000

Description	Approved at the 11 th AGM held on 8 June 2022		Approval sought at the 12 th AGM	
	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
Benefits				
Company car	1 unit, 2,000 cc with RM180,000 per annum for car utility	-	1 unit, 2,000 cc with RM180,000 per annum for car utility	-
Driver allowance	RM2,500 per month	-	RM2,500 per month	-
Group insurance	Provided	Provided	Provided	Provided
Medical coverage	Provided	Provided	Provided	Provided
Mobile phone bill	Reimbursement for a fixed plan	-	Reimbursement for a fixed plan	-

4.2 The Company is seeking Shareholders' approval on the benefits payable for the Non-Executive Chairman and for each of the Non-Executive Directors for the Relevant Period based on the proposed benefits (excluding Directors' fees) set out above in accordance with the existing Non-Executive Directors' Remuneration Policy.

4.3 Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred based on the proposed benefits set out above effective from 8 June 2023, if the proposed Ordinary Resolution 2 is passed at the 12th AGM.

4.4 The Board is of the view that it is just and equitable for the Directors to be paid benefits payable on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.



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Explanatory Note 5:

Resolution 3 : To approve the payment of meeting allowance of RM26,000 to five (5) Non-Executive Directors who were members of the Special Board Committee for the period from July 2022 to November 2022

- 5.1 The Special Board Committee (SBC/Committee) of MSM was established by the Board on 13 July 2022 to review the report by the consultant on MSM Johor refinery construction project. Upon completion of the Committee's objective, the SBC was disbanded by the Board on 21 November 2022.
- 5.2 The SBC comprised five (5) Non-Executive Directors namely Datuk Syed Hisham Syed Wazir, Datuk Dr Abd Hapiz Abdullah, Choy Khai Choon, Dato' Muthanna Abdullah and Azman Ahmad. As agreed by the Board, the SBC members be remunerated with a meeting allowance of RM2,000 per meeting attended with no fees and the payment of the meeting allowance will be paid subject to the Shareholders' approval.
- 5.3 During its establishment, the SBC convened three (3) meetings and made recommendations to the Board on the findings of the review of the report by the consultant. The SBC members' meeting attendance is disclosed on page 100 of the AIR 2022.
- 5.4 The proposed Ordinary Resolution 3, if passed, will allow the Company to pay the meeting allowance totalling RM26,000 for the period from July 2022 to November 2022 to five (5) Non-Executive Directors according to their meeting attendance.

Explanatory Note 6:

Re-election of Directors in accordance with Clause 99 and Clause 105 of the Company's Constitution

- 6.1 Clause 99 of MSM Constitution provides that one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1), shall retire from office at the ordinary general meeting in every year provided always that each Director shall retire at least once in every three (3) years.
- 6.2 Clause 105 of MSM Constitution provides that any Director so appointed to fill a casual vacancy or as an additional Director shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the numbers of Directors who are to retire by rotation at such meeting.
- 6.3 For the purpose of determining the eligibility of the Directors to stand for re-election at the 12th AGM, the NRC has conducted an assessment on each of the retiring Directors in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021. Apart from the quantitative analysis of the Director's performance, the NRC also considered the other elements, among others, the following:
- (a) The Individual Director's assessment as part of the Board Effectiveness Assessment 2022 (BEA 2022) carried out internally which focused more on Director's individual contribution, communication with members, their decision making and traits; and
 - (b) Special skills and knowledge an individual Director brings to the organisation.
- 6.4 Based on the BEA 2022 assessment results and the Directors' contribution to the Board, the NRC determined and the Board agreed that each of the Directors standing for re-election has met the performance criteria required of an effective and high performance Board and has the ability to continuously discharging their duties diligently as Directors of the Company.
- 6.5 In addition, all the Independent Non-Executive Directors have also provided their annual declaration/confirmation of independence in January 2023.

Explanatory Note 7:

Resolution 4 : Re-election of Non-Executive Director who retires by rotation in accordance with Clause 99 of the Company's Constitution

- 7.1 Based on the BEA 2022 assessment results, the Board approved that Dato' Rosini Abd Samad, the Non-Executive Director who retires by rotation in accordance with Clause 99 of the Company's Constitution is eligible to stand for re-election. The retiring Director had abstained from deliberations and decisions on her eligibility to stand for re-election at the relevant Board and Board Committee meetings.

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- 7.2 The independence of Dato' Rosini Abd Samad who has served as Independent Non-Executive Director of the Company has been assessed by the NRC and approved by the Board. Dato' Rosini Abd Samad satisfies the criteria of an Independent Director as defined under Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of the Company's major shareholders.

Explanatory Note 8:

Resolutions 5, 6, 7 & 8 : Re-election of Independent Non-Executive Directors, whose tenure is subject to Clause 108 of the Company's Constitution, in accordance with Clause 105 of the Company's Constitution

- 8.1 Clause 108 of the Company's Constitution provides that the term of office of an Independent Non-Executive Director of MSM shall not exceed three (3) years and upon completion of three (3) years, such independent Director shall cease to be a Director, but may still be eligible for re-appointment.
- 8.2 The following Independent Non-Executive Directors shall cease to be Directors of MSM upon completion of their three (3) years tenure on 7 May 2023 pursuant to Clause 108 of the Company's Constitution. The Board has approved their re-appointment on 13 April 2023 to be effective from 8 May 2023, in accordance with Clause 105 of the Company's Constitution and who, being eligible, offer themselves for re-election at the forthcoming MSM 12th AGM:
- (a) Datuk Syed Hisham Syed Wazir
 - (b) Datuk Dr Abd Hapiz Abdullah
 - (c) Choy Khai Choon
 - (d) Dato' Muthanna Abdullah
- 8.3 The Independent Non-Executive Directors concerned have also provided their annual declaration/confirmation of independence in January 2023. The independence of Datuk Syed Hisham Syed Wazir, Choy Khai Choon, Dato' Muthanna Abdullah and Datuk Dr Abd Hapiz Abdullah who have served as Independent Non-Executive Directors of the Company have been assessed by the NRC and satisfied the criteria of an Independent Director as defined under the Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of the Company's major shareholders.
- 8.4 Based on the NRC's assessment, the Board affirmed Datuk Syed Hisham Syed Wazir, Choy Khai Choon, Dato' Muthanna Abdullah and Datuk Dr Abd Hapiz Abdullah to continue to act as Independent Non-Executive Director of the Company and their re-appointments shall be subject to re-election by the shareholders pursuant to Clause 105 of the Company's Constitution.
- 8.5 All Directors mentioned above have not exceeded the nine (9) years tenure as Independent Non-Executive Director. All re-appointed Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Board Committee meetings.

Explanatory Note 9:

Resolutions 9, 10 & 11 : Re-election of Non-Executive Directors in accordance with Clause 105 of the Company's Constitution

- 9.1 Clause 105 of the Company's Constitution stipulates at any time and from time to time, the Director shall have the power to appoint any person to be a Director either to fill a casual vacancy or as an additional Director by way of ordinary resolution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
- 9.2 Based on Clause 105 above, the Non-Executive Directors, Dato' Mohd Nazrul Izam Mansor, Raja Faridah Raja Ahmad and Fakhrunniam Othman shall hold office only until the 12th AGM and are eligible for re-election.
- 9.3 Dato' Mohd Nazrul Izam Mansor and Raja Faridah Raja Ahmad who were appointed during the financial year 2022 have successfully completed the Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements, while Fakhrunniam Othman who was appointed during the current financial year 2023 will complete the Mandatory Accreditation Programme by May 2023.



Notice of 12th Annual General Meeting

9.4 Based on the BEA 2022 assessment results and the Directors' contribution to the Board, the NRC determined and the Board agreed that each of the Non-Executive Directors standing for re-election has met the performance criteria required of an effective and high performance Board and has the ability to continue discharging their duties diligently as Directors of the Company.

9.5 All re-appointed Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Board Committee meetings.

Explanatory Note 10:

Resolution 12 : Re-appointment of Auditors

10.1 The Audit, Governance and Risk Committee (AGRC) at its meeting held on 16 March 2023 undertook an annual assessment of the suitability and independence of the external auditors, PricewaterhouseCoopers PLT (PwC) in accordance with the revised External Auditor Policy of MSM and its Group of Companies (MSM Group) which was approved by the Board in May 2022. In its assessment, the AGRC considered several factors which include the information in PwC's 2022 Transparency Report and the following:

- (a) Quality of PwC's performance and their communications with the AGRC and MSM Group, based on feedback obtained via assessment questionnaires from MSM personnel who had substantial contact with the external audit team and MSM during the audit;
- (b) Adequacy of experience and resources provided to MSM Group by PwC, in terms of the firm and the professional staff assigned to the audit; and
- (c) Independence and objectivity of PwC.

10.2 The AGRC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at the private meetings, which demonstrated their independence, objectivity and professionalism.

10.3 The AGRC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to MSM Group. The AGRC was also satisfied in its review that the provisions of non-audit services by PwC to the Company for the financial year 2022 did not in any way impair their objectivity and independence as external auditors of MSM. The AGRC was also satisfied that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

10.4 The Board on 24 March 2023 approved the AGRC's recommendation for the Shareholders' approval to be sought at the 12th AGM on the re-appointment of PwC as Auditors of the Company for the financial year ending 31 December 2023, under Resolution 12.

Abstention from Voting

1. All the Non-Executive Directors who are Shareholders of the Company will abstain from voting on Ordinary Resolutions 1,2 and 3 concerning Directors' fees and benefits payable at the 12th AGM.
2. The Directors referred to in Ordinary Resolutions 4,5,6,7,8,9,10 and 11 who are Shareholders of the Company will abstain from voting on the resolution in respect of his/her re-election at the 12th AGM.

Notice of 12th Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS

Explanatory Note 11:

Resolution 13 : Proposed Mandates

11.1 The proposed Ordinary Resolution 13, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not favourable than those generally available to the public and are not detrimental to the minority Shareholders of the Company.

11.2 Detailed information on the Proposed Mandates is set out in the Circular to Shareholders dated 27 April 2023.

Explanatory Note 12:

Resolution 14 : Authority for Directors to allot and issue shares

12.1 The proposed Ordinary Resolution 14 is a general mandate to be obtained from the Shareholders of the Company at the 12th AGM and, if passed, will empower the Directors pursuant to Section 75 of the Companies Act, 2016 to allot and issue ordinary shares in the Company of up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company as at the date of such allotment of shares without having to convene a general meeting.

12.2 This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company. The general mandate from Shareholders is to provide the Company with the flexibility to undertake any share issuance during the financial year without having to convene a general meeting.

12.3 The rationale for this proposed mandate is to allow for possible share issuance and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on an urgent basis and thereby reducing administrative time and costs associated with the convening of additional Shareholders meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.





Statement Accompanying Notice of the 12th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1) DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 12TH AGM

Non-Executive Director standing for re-election pursuant to Clause 99 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016:

(a) Dato' Rosini Abd Samad

Independent Non-Executive Directors, whose tenure is subject to Clause 108 of the Company's Constitution, standing for re-election pursuant to Clause 105 of the Company's Constitution and Section 208(4)(a) of the Companies Act, 2016:

- (a) Datuk Syed Hisham Syed Wazir
- (b) Choy Khai Choon
- (c) Dato' Muthanna Abdullah
- (d) Datuk Dr Abd Hapiz Abdullah

Non-Executive Directors standing for re-election pursuant to Clause 105 of the Company's Constitution and Section 208(4)(a) of the Companies Act, 2016:

- (a) Dato' Mohd Nazrul Izam Mansor
- (b) Raja Faridah Raja Ahmad
- (c) Fakhrunniam Othman

None of the Directors standing for re-election has any interest in the securities of the Company or its subsidiaries. The details of the Directors' shareholdings in the Company are set out on page 242 of this Annual Integrated Report.

The profiles of the abovementioned Directors seeking for re-election as per Resolution 4 to 11 of the Notice of 12th AGM of the Company are set out on pages 78 to 86 of the Company's Annual Integrated Report 2022 <https://www.msmsugar.com/investor-relations/reports> and the Company's corporate website <https://www.msmsugar.com/our-company/msm-group/board-directors>.

2) ORDINARY RESOLUTION ON AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES

Details on the authority for Directors to allot and issue shares in the Company pursuant to Section 75 of the Companies Act, 2016 are provided under the Explanatory Note 12 on special business in the Notice of the 12th AGM.

As at the date of this Notice, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 8 June 2022.

Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

Event	: 12 th AGM
Day and date	: Thursday, 8 June 2023
Time	: 11.00 a.m.
Venue	: (a) Broadcast Venue Banquet Hall 3, Level B2 Menara Felda, Platinum Park, No. 11, Persiaran KLCC 50088 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia
	: (b) Online Meeting Platform https://meeting.boardroomlimited.my Provided and operated by Boardroom Share Registrars Sdn Bhd (BSR or Boardroom) in Malaysia

MODE OF MEETING

The 12th Annual General Meeting (12th AGM) will be conducted virtually through live streaming and online remote participation using RPEV facilities from the Broadcast Venue. This is in line with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 including any amendment thereto, made from time to time. In this respect, the Company will continue to leverage technology, to ensure that the 12th AGM supports meaningful engagement between the Board/Management and Shareholders of the Company.

The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the AGM of the Company to be present at the main venue in Malaysia.

Shareholders/Proxies/Corporate Representatives will participate through the RPEV facilities via the above-stated online meeting platform and will not be admitted to the Broadcast Venue.

ENTITLEMENTS TO PARTICIPATE IN VIRTUAL 12TH AGM

In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 31 May 2023 (General Meeting Record of Depositors) shall be eligible to participate at the 12th AGM via RPEV facilities.



Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

REGISTRATION FOR REMOTE PARTICIPATION USING RPEV FACILITIES

Shareholders/Proxies/Corporate Representatives/Attorneys who wish to participate in the virtual 12th AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:

Procedure	Actions required
BEFORE THE 12TH AGM DAY	
Step 1 Register online with Boardroom Smart Investor Portal (BSIP) for Individual and Corporate Shareholder [Note: • If you have previously registered with BSIP, you may proceed to Step (2). • BSIP now facilitates the registration of Corporate Holder via BSIP]	(Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 - Submit Request for Remote Participation User ID and Password.) a. Access the website https://investor.boardroomlimited.com . b. Click ' Register ' to sign up as a user. c. Select " Account Type " to " Sign Up As Shareholder " or " Sign Up Corporate Holder ". d. Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available) for Corporate Holder. e. Enter a valid mobile number and email address. f. You will receive an email from BSIP for email address verification. Click ' Verify E-mail Address ' from the email received to continue with the registration. g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click on ' Request OTP Code ' and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click ' Enter ' to complete the process. h. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
Step 2 Submit request for remote participation [Note: You must be a registered BSIP user. If not, return to Step (1).]	Registration for remote access will be opened from 11.00 a.m. on Thursday, 27 April 2023 until Tuesday, 6 June 2023 at 11.00 a.m. The instrument appointing a proxy must be received latest by 11.00 a.m. on Tuesday, 6 June 2023. For Individual Shareholders, Corporate Shareholders a. Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. Select ' MSM MALAYSIA HOLDINGS BERHAD TWELFTH (12TH) ANNUAL GENERAL MEETING ' from the list of Meeting Event and click ' Enter '. c. To attend the virtual 12 th AGM remotely: • Click ' Register for RPEV '. • Enter the CDS account number. • Read and accept the General Terms and Conditions and click ' Register ' to submit your request. For Corporate Shareholders/Authorised Nominees/Exempt Authorised Nominees/Attorneys, you may also write to bsr.helpdesk@boardroomlimited.com and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address is required.

Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

Procedure	Actions required
BEFORE THE 12TH AGM DAY	
Step 3 Verification and email notification	For Individual Shareholders, Corporate Shareholders, Authorised Nominees/ Exempt Authorised Nominees and Attorneys a. An email notification will be sent by Boardroom to notify that your request for remote participation has been received for system verification. b. Upon verification against the General Meeting Record of Depositors and final verification by the appointed scrutineers, you will receive an email from Boardroom on the day prior to the 12 th AGM, i.e. Tuesday, 6 June 2023 either approving or rejecting your request for remote participation. c. If your registration is approved, the said email will provide the Meeting ID, User Name and Password for the virtual 12 th AGM.
ON THE 12TH AGM DAY	
Step 4 Login to the Virtual Meeting Platform	a. The Virtual Meeting portal will be opened for login one (1) hour before the commencement of the 12 th AGM at 10.00 a.m. on Thursday, 8 June 2023. b. Click the link provided in the email in Step 3(c) to join the virtual AGM. Insert the Meeting ID and sign in with the User Name and Password provided to you via the same email.
Participate	a. Please follow the user guides in the email to view the live webcast, submit questions and vote. b. If you would like to view the live webcast, select the broadcast icon  c. If you would like to ask a question during the 12 th AGM, select the messaging icon  . Type your message within the chat box, once completed click the send button.
Online Remote Voting	a. Once voting has commenced, the polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares the end of the voting session. b. To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received. c. To change your vote, re-select your voting preference. d. If you wish to cancel your vote, please press ' CANCEL '.
End of remote participation	a. Upon the announcement by the Chair of the meeting on the closure of the 12 th AGM, the live webcast will end. b. You can now logout from the Meeting Platform.

Notes to RPEV facilities users:

- Should your application to join the AGM be approved, the system will make available to you the rights to join the live stream meeting and to vote remotely. Your login to <https://meeting.boardroomlimited.my> on the day of the 12th AGM will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet connection at your location and the device you use.
- In the event you encounter any issues with logging in, connection to the live stream meeting or online voting, kindly call Boardroom Help Line for assistance.





Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

VOTING

The voting at the 12th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities). The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting and Tricor Business Intelligence & Solutions Sdn Bhd as the Independent Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions and submit the votes on the resolutions at any time from the commencement of the 12th AGM at 11.00 a.m. and will continue until the time declared by the Chairman as the end time of the voting session.

Upon completion of the voting session, the Independent Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PROXY

- Shareholders are to attend, speak (in the form of real-time submission of typed texts) and vote (collectively, "Participate") remotely at the 12th AGM using RPEV facilities provided by Boardroom at <https://meeting.boardroomlimited.com>.
- Shareholders who are unable to Participate at the 12th AGM may appoint not more than two (2) proxies to vote on their behalf. Where a member appoints two (2) Proxies, each proxy appointed shall represent a minimum of one hundred (100) shares and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each of such proxy.
- The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of Section 25A(1) of SICDA.
- Where an exempt authorised nominee appoints two (2) or more proxies, each proxy's proportion of shareholdings to be represented must be specified in the instrument appointing the proxies.
- There shall be no restriction as to the qualification of the proxy. Hence, a proxy may but need not be a Member. A proxy appointed to attend and vote at the meeting shall have the same rights as a Shareholder/Member to attend, participate, speak and vote at the meeting.

Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

- The instrument appointing a proxy (Proxy Form) must be received by Boardroom Share Registrars Sdn Bhd latest by **11.00 a.m., Tuesday, 6 June 2023** and in default, the Proxy Form shall not be treated as valid.

The Proxy Form may be deposited with Boardroom Share Registrars Sdn Bhd in the following manner:

(a) In Hard Copy Form

The proxy form must be deposited by hand or post to Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(b) By Electronic Means

- Through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting '**SUBMIT E-PROXY FORM**'. Please refer to the Annexure to the Proxy Form for the procedures on electronics lodgement;

OR

- By sending the Proxy Form by email to bsr.helpdesk@boardroomlimited.com

Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

Kindly refer to the notes in the Notice and Proxy Form of the 12th AGM for more details.

- If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to Participate in our virtual 12th AGM by yourself, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy no later than **Tuesday, 6 June 2023 at 11.00 a.m.**, being 48 hours before the 12th AGM. On revocation, your proxy(ies) will not be allowed to Participate in the 12th AGM. In such event, you should advise your proxy accordingly.

CORPORATE REPRESENTATIVES

- For a Corporate Shareholder who has appointed a representative(s) or attorney(s) to Participate in the 12th AGM, please deposit the **ORIGINAL** Certificate of Appointment or Power of Attorney, as the case may be, by hand or post to 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not later than **11.00 a.m., Tuesday, 6 June 2023**.
- Upon verification against the General Meeting Record of Depositors, an email will be sent to the corporate representative by Boardroom to furnish the User Name and Password. Please note that only one (1) User Name will be provided to each Corporate Representative.
- The Certificate of Appointment should be executed in the following manner:
 - If the Corporate Shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the Constitution of the Corporate Shareholder.
 - If the Corporate Shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.





Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

SUBMISSION OF QUESTIONS

1. Before Meeting

Shareholders may submit questions in advance commencing from 27 April 2023 and in any event no later than 11.00 a.m., 31 May 2023 via :

- (i) e-mail to MSM Investor Relations at investor.relations@msmsugar.com; or
- (ii) logging into Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> using the same user ID and password provided in Step 2 of the procedures of RPEV facilities and select "SUBMIT QUESTION" to pose questions (Pre-12th AGM Questions).

2. During Meeting

Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the 12th AGM. The messaging window facility will be opened one (1) hour before the 12th AGM which is from 10.00 a.m. on Thursday, 8 June 2023.

In order to ensure a smooth and efficient conduct of the 12th AGM, questions that are repetitive in nature and/or have been responded to will not be specifically addressed. The Board and Management of MSM will endeavour to provide the responses at the virtual 12th AGM. All questions and responses will be made available on the Company's website after the conclusion of the virtual 12th AGM.

e-VOUCHERS

The Company will provide e-vouchers to all Shareholders/Proxies/Corporate Representatives who participated at the 12th AGM.

RECORDING OR PHOTOGRAPHY

Strictly **NO recording or photography** of the proceedings of the 12th AGM is allowed.

ANNUAL INTEGRATED REPORT 2022 (AIR 2022) AND 12TH ANNUAL GENERAL MEETING DOCUMENTS (12TH AGM DOCUMENTS)

1. As part of our dedicated commitment to sustainable practices, the following documents can be downloaded from Bursa Securities' website at <https://www.bursamalaysia.com> and the Company's website <https://www.msmsugar.com/>:
 - (a) AIR 2022* - <https://www.msmsugar.com/investor-relations/reports>
 - (b) Sustainability Report 2022 - <https://www.msmsugar.com/investor-relations/reports>
 - (c) 12th AGM Documents - <https://www.msmsugar.com/investor-relations/reports>
 - Notice of the 12th AGM
 - Proxy Form
 - Administrative Guide
 - Request Form
 - (d) Circular to Shareholders** - <https://www.msmsugar.com/investor-relations/reports>
 - (e) Corporate Governance Report 2022 - <https://www.msmsugar.com/investor-relations/reports>

Administrative Guide

For the Twelfth Annual General Meeting (12th AGM)

2. Any request for the printed copy of the AIR 2022 should be made via the Request Form available at <https://www.msmsugar.com/investor-relations/reports> and email it to Encik Anas Khalid at anas.khalid@boardroomlimited.com.
3. Shareholders are advised to consider the environment before you decide to print the above reports or request for the printed copy of the AIR 2022. Environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Notes:

- * The AIR 2022 includes the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.
- ** Circular to Shareholders on the Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature for MSM Malaysia Holdings Berhad (MSM Holdings) and its Group of Companies (MSM Holdings Group) and Proposed Shareholders' Mandate for the New Recurrent Related Party Transactions of a Revenue or Trading Nature for the MSM Holdings Group.

ENQUIRIES RELATING TO THE 12TH AGM

- a) If you have any enquiry relating to the virtual 12th AGM Administrative Guide, please contact our Investor Relations/Corporate Communications during office hours:

E-mail : investor.relations@msmsugar.com/corpcomms@msmsugar.com

- b) If you have any enquiry relating to the RPEV facilities for the virtual 12th AGM and Proxy Form, please contact the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, during office hours:

Tel : +603 7890 4730 (Encik Anas Khalid)
+603 7890 4726 (Ms Vivien Khoh)
+603 7890 4700 (Helpdesk)
Fax : +603 7890 4670
E-mail : anas.khalid@boardroomlimited.com
vivien.khoh@boardroomlimited.com

You are encouraged to submit your enquiries via email to avoid any delays in response.

In view of uncertainties that may arise, the Company will observe the guidelines or new procedures that may be issued from time to time, which may affect the administration of the virtual 12th AGM as set out in this Administrative Guide. If there is any material change required to the proceedings of the meeting, the Company will issue an announcement on the same accordingly. Hence, please contact the above officers or check the Company's website for announcements on the latest update (if any) in relation to the virtual 12th AGM.

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the Meeting and matters related thereto, including but not limited to: (a) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the proxies and representatives for the Meeting (including any adjournment thereof); (b) for preparation, compilation and publication (where relevant) of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and (c) for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) undertakes and warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the Company (or its agents or service providers) processing of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the Shareholder will fully indemnify the Company in respect of any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the Shareholder's failure to provide accurate and correct information of the personal data or breach of the Shareholder's undertaking and/or warranty as set out herein.





Registration No. : 201101007583 (935722-K)

TWELFTH ANNUAL GENERAL MEETING (12TH AGM)
8 JUNE 2023

Proxy Form

CDS Account No.	No. of Shares held

I/We _____ (Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only)/Company No.: _____ of _____ (Address in full)

Telephone no.: _____ being a member of **MSM MALAYSIA HOLDINGS BERHAD** (the Company), hereby appoint _____ (Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only): _____ of _____ (Address in full)

Telephone no.: _____ Email address: _____ and/or failing him/her _____ (Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only): _____ of _____ (Address in full)

Telephone no.: _____ Email address: _____

or failing the abovenamed Proxies, the Chairman of the meeting, as my/our Proxy/Proxies to attend and vote for me/us on my/our behalf at the 12th AGM of the Company **be held on a virtual basis through live streaming and entirely via Remote Participation and Electronic Voting (RPEV) facilities from the broadcast venue at Banquet Hall 3, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia on Thursday, 8 June 2023 at 11.00 a.m.** and at any adjournment thereof.

My/our Proxy/Proxies shall vote as indicated below:

NO.	AGENDA	ORDINARY RESOLUTION	FOR	AGAINST	ABSTAIN
1	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.				
ORDINARY BUSINESS					
2	To approve the payment of Directors' fees to the Non-Executive Chairman and to each of the Non-Executive Directors from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024 and be paid on a monthly basis.	1			
3	To approve the payment of benefits payable to the Non-Executive Chairman and to each of the Non-Executive Directors for the period from 8 June 2023 until the conclusion of the next AGM of MSM to be held in 2024.	2			
4	To approve the payment of meeting allowance of RM26,000 to five (5) Non-Executive Directors who were members of the Special Board Committee for the period from July 2022 to November 2022.	3			
5	To re-elect Dato' Rosini Abd Samad, Non-Executive Director, who retires pursuant to Clause 99 of the Company's Constitution and who has offered herself for re-election.	4			
6	a) To re-elect Datuk Syed Hisham Syed Wazir, Independent Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	5			
	b) To re-elect Choy Khai Choon, Independent Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	6			
	c) To re-elect Dato' Muthanna Abdullah, Independent Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	7			
	d) To re-elect Datuk Dr Abd Hapiz Abdullah, Independent Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	8			
7	a) To re-elect Dato' Mohd Nazrul Izam Mansor, Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	9			
	b) To re-elect Raja Faridah Raja Ahmad, Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered herself for re-election.	10			
	c) To re-elect Fakhruddin Othman, Non-Executive Director, pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	11			
8	To re-appoint Messrs. PricewaterhouseCoopers PLT as auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration.	12			
SPECIAL BUSINESS					
9	Proposed Mandates.	13			
10	Authority to Directors to allot and issue shares.	14			

(Please indicate with an "X" in the space whether you wish your votes to be cast **FOR** or **AGAINST** the resolutions. In the absence of such specific instructions, your proxy will vote or abstain as he thinks fit).

Dated this _____ day of _____ 2023

Signature(s)/Common Seal of Member(s)

The proportions of my/our holding to be represented by my/our proxies are as follows :		
	No. of shares	Percentage
First Proxy		
Second Proxy		
Total		100%

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Notes:

1. Virtual AGM from Broadcast Venue

- a. Our Company will conduct its 12th AGM virtually through live streaming and entirely via Remote Participation and Electronic Voting (RPEV) facilities from the Broadcast Venue. Please follow the procedures provided in the **Administrative Guide** for the 12th AGM in order to register, participate and vote remotely via RPEV facilities.
- b. With the RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the 12th AGM, at the comfort of their home.
- c. The Broadcast Venue of the 12th AGM is to inform Shareholders where live streaming will be conducted and is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016. As such, shareholders, proxies and corporate representatives will not be permitted to be physically present at or admitted to the Broadcast Venue but instead must participate and vote remotely via RPEV facilities.

2. Proxy

- a. Shareholders who are unable to participate in the 12th AGM may appoint not more than two (2) proxies to vote on their behalf. Where a member appoints two (2) Proxies, each proxy appointed shall represent a minimum of one hundred (100) shares and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each of such proxy.
- b. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of Section 25A(1) of SICDA.
- c. Where an exempt authorised nominee appoints two (2) or more proxies, each proxy's proportion of shareholdings to be represented must be specified in the instrument appointing the proxies.
- d. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- e. There shall be no restriction as to the qualification of the proxy. Hence, a proxy may but need not be a Member. A proxy appointed to attend and vote at the meeting shall have the same rights as a Shareholder/Member to attend, participate, speak and vote at the meeting.
- f. **The instrument appointing a proxy (Proxy Form) must be received by Boardroom Share Registrars Sdn Bhd latest by 11.00 a.m., Tuesday, 6 June 2023** and in default, the Proxy Form shall not be treated as valid.

The Proxy Form may be deposited with Boardroom Share Registrars Sdn Bhd in the following manner:

1) In Hard Copy Form

The proxy form must be deposited by hand or post to Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

2) By Electronic Means

- (a) Through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and select **SUBMIT E-PROXY FORM**. Please refer to the Annexure to the Proxy Form for the procedures on electronics lodgement;
OR
- (b) By sending the Proxy Form by email to bsr.helpdesk@boardroomlimited.com.

- g. If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our virtual 12th AGM by yourself, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy no later than **Tuesday, 6 June 2023 at 11:00 a.m.**, being 48 hours before the 12th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 12th AGM. In such an event, you should advise your proxy accordingly.

3. Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via RPEV facilities at the 12th AGM of the Company, please refer to the procedures specified in the Administrative Guide for the 12th AGM.

4. Entitlements to participate and vote at the 12th AGM

For the purpose of determining a Shareholder who shall be entitled to participate and vote at the 12th AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 63 of the Company's Constitution and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at **31 May 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 31 May 2023 shall be entitled to participate and vote at the 12th AGM or appoint Proxy(ies) to participate and vote on such depositor's behalf.**

5. Registration for remote participation

Registration for remote participation will be open from **11.00 a.m. on 27 April 2023 up to 11.00 a.m. on 6 June 2023**. Please follow the procedures provided in the Administrative Guide for the 12th AGM in order to participate in the 12th AGM remotely via RPEV facilities.

6. Voting procedures

The voting at the 12th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities). The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting and Tricor Business Intelligence & Solutions Sdn Bhd as the Independent Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions and submit the votes on the resolutions at any time from the commencement of the 12th AGM at 11.00 a.m. and will continue until the time declared by the Chairman as the end time of the voting session. Upon completion of the voting session, the Independent Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

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SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia



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ANNEXURE TO THE PROXY FORM

Dear Shareholders,

We are pleased to inform you that as a Shareholder, you have the option to submit your Proxy Form via electronic means (e-Proxy) in paperless form. Once you have successfully submitted your e-Proxy form, you are no longer required to complete and submit the physical Proxy Form to the office of the Share Registrar of the Company.

The procedures to submit your e-Proxy form electronically via Boardroom Smart Investor Portal are summarised below:-

Step 1 : Register/Sign-up as Online User with Boardroom Smart Investor Portal (for first time registration only)

Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 - eProxy Lodgement.

- a. Access website <https://investor.boardroomlimited.com>.
- b. Click **“Register”** to sign up as a user.
- c. Select **“Account Type”** to **“Sign Up as Shareholder”** or **“Sign Up as Corporate Holder”**.
- d. Complete the registration with all required information. Upload and attach a softcopy of your MyKAD/Identification Card (front and back) or Passport and authorisation letter (template available) for Corporate Holder. Click **“Register”**.
- e. Enter a valid mobile number and email address.
- f. You will receive an email from Boardroom for email address verification. Click **"Verify Email Address"** from the email received to continue with the registration.
- g. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of your mobile number. Click **“Request OTP Code”** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click **“Enter”** to complete the process.
- h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.

Step 2 : Submit your request

For Individual and Corporate Shareholders

- a. Access the website <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- b. Select **“MSM MALAYSIA HOLDINGS BERHAD TWELFTH (12TH) ANNUAL GENERAL MEETING”** from the list of Meeting Event and click **"Enter"**.
- c. Click on **“Submit eProxy Form”**.
- d. Select the company you would like to be represented (if more than one) for Corporate Shareholder.
- e. Read and accept General Terms & Conditions by clicking **“Next”**.
- f. Enter your CDS Account Number and indicate the number of securities held.
- g. Appoint your proxy(ies) or the Chair of the AGM and enter the required particulars for your proxy(ies).
- h. Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- i. Review and confirm your proxy(ies) appointment.
- j. Click **“Apply”**
- k. Download or print the eProxy Form acknowledgement.

For Authorised Nominees and Exempt Authorised Nominees

- a. Access the website <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- b. Select **“MSM MALAYSIA HOLDINGS BERHAD TWELFTH (12TH) ANNUAL GENERAL MEETING”** from the list of Meeting Event and click **"Enter"**.
- c. Click **“Submit eProxy Form”**.
- d. Select the company you would like to be represented (if more than one).
- e. Proceed to download the file format for **“Submission of Proxy Form”**.
- f. Prepare the file for the appointment of proxy(ies) by inserting the required data.
- g. Proceed to upload the duly completed Proxy Appointment file.
- h. Review and confirm your proxy(ies) appointment and click **"Submit"**.
- i. Download or print the eProxy Form as an acknowledgement.

Note: If you are the authorised representative for more than one (1) authorised nominee/exempt authorised nominee/corporate shareholder, kindly click the home button and select “Edit Profile” in order to add the company name.



www.msmsugar.com



MSM MALAYSIA HOLDINGS BERHAD

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