FGV to Develop Agro Food-Valley in Chuping, Perlis – Synergistic Development on MSM Land



KUALA LUMPUR, MAY 22, 2020 – FGV Holdings Berhad (FGV) and its public listed subsidiary, MSM Malaysia Holdings Berhad (MSM) are expediting the plan to develop a new agriculture growth area called FGV Agro Food-Valley in Chuping, Perlis.

This announcement is made following the rescission of Sale and Purchase Agreement (SPA) between MSM's wholly-owned subsidiary, MSM Perlis Sdn Bhd (MSM Perlis) and F&N Agrivalley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) on 9 April 2020.

FGV's Group Chief Executive Officer, Dato' Haris Fadzilah Hassan says, "The FGV Agro FoodValley project is expected to redefine the agricultural industry landscape in Perlis as it will adapt Industrial Revolution 4.0 approaches incorporating modern technologies and mechanisms, sustainable development and value-added activities. The entire development of the project involving investment of RM100 million within two years will continue to fortify the national agro-food sector whilst assuring food security for the country".

FGV and several of its subsidiary companies are in final stage of discussion to develop various food-based production area in Chuping as part of comprehensive effort to enhance plantation sector in Perlis while benefitting the national agro-food sector. The integrated development of the 4,400-hectare land aims to cultivate high quality alternative crops in the four main agrofood sectors including cassava for starch production, MD2 premium pineapple, harum manis mangoes and animal feed production based on cassava by-product

of starch and biomass.

FGV planned to build factory with a capacity of 50,000 MT per year for the production of cassava starch and maltodextrin. Apart from that, cassava could also be potentially produced as substance for industrial production of bio-ethanol, bio-fuel, bio-plastic, amino acid, polyols, pharmaceutical and animal feed. The production of animal feed from the by-product of starch and biomass can be achieved up to 22,000 MT per year. FGV will maintain its focus on the production of high quality animal feed to cater the demand from local dairy farmers including FGV Dairy Farm Sdn Bhd that produced dairy products under the brand Bright Cow.

Dato' Haris further added, "Each acre of cultivation could potentially reach up to 30 tonnes and FGV are willing to offer buy back guarantee which could help farmers to expand their revenue stream. Positively, the establishment of the cassava-based industry will diversify the prospects and investment opportunities for Perlis in view of the development of Chuping Valley Industrial Area (CVIA) which are currently being managed by Northern Corridor Implementation Authority (NCIA). The global cassava market is projected to register a growth rate of 3.2% from 2019 to 2024 to reach a market value of USD$4.5 billion by the end of 2024. Currently, Malaysia imports 600,000 MT of cassava starch, and FGV Agro Food-Valley may substitute 8% of Malaysia's imports of cassava starch."

FGV Group is looking forward to realise the strategic initiatives in line with the government's proposition to bolster domestic economic sector in reducing the impact from Covid-19. The development of FGV Agro Food-Valley will offer more than 300 employment opportunities to the local community and provide business prospect for the local and agro youth farmers especially among the B40 group through the farming contract as well as secondary industries such as logistics and supplies.

The FGV Agro Food-Valley has been carefully designed since early of this year in view of MSM's rationalisation plan to dispose the plantation land. The synergistic development plan reflects FGV and MSM deliberative assessment in monetising the non-core assets by prioritising commercial and social interest that provides values to all stakeholders. The proceeds from the disposal will strengthen both Group's financial commitment and resources to pave the way for more potential and profitable business diversification.

MSM Group Chief Executive Officer, Dato' Khairil Anuar Aziz said, "Moving forward, MSM will continue its focus to rationalise group wide capacity through consolidation of production to enhance operational capabilities. The strategic consolidation will also reduce financial impact with regards to optimum capacity utilisation and prudent cost management across the supply chain. We remain committed to transform challenges into opportunities and returning the best value to our shareholders."

- END -