FGVIF Acquires MSM Perlis for FGV Chuping Agro Valley





From left: Syed Feizal Syed Mohammad, MSM Group Chief Executive Officer, Dato' Haris Fadzilah Hassan, FGV Group Chief Executive Officer and Dato' Mohd Hairul Abdul Hamid, FGV Group Chief Financial Officer at the signing ceremony held at Wisma FGV today

KUALA LUMPUR, 30 April 2021 – Subsidiaries of FGV Holdings Berhad (FGV), MSM Malaysia Holdings Berhad (MSM) and FGV Integrated Farming Holdings Sdn Bhd (FGVIF) today entered into a binding term sheet on the respective disposal and acquisition of 100 percent stake of MSM's wholly-owned subsidiary, MSM Perlis Sdn Bhd (MSM Perlis).

With an initial disposal consideration of RM175 million, the agreement is set to be completed by the third quarter of this year. The proposed disposal is following the discontinuation of non-strategic operations in MSM Perlis as part of MSM's rationalisation strategies to streamline profitability and develop operational capability.

MSM Perlis holds 11 parcels of agricultural and industrial land that have been earmarked for the development of the FGV Chuping Agro Valley (FCAV) in Perlis by FGVIF, a new sector under the Group, consisting of integrated high-value cash crop plantation activities and an expanding dairy farming business.

Dato' Haris Fadzilah Hassan, FGV Group Chief Executive Officer said, the acquisition will potentially bolster the economic sector of Perlis as well as provide various employment opportunities to the locals.

“The FCAV project will redefine the local agricultural industry landscape as it adapts Agriculture Revolution 4.0 approaches, incorporating modern technologies and mechanisms, sustainable development and value-added activities. The project will also serve as a location for investment and entrepreneurship, and trigger downstream industries for various agro products to contribute towards food security for the country,” said Haris Fadzilah.

Syed Feizal Syed Mohammad, MSM Group Chief Executive Officer said, “The strategies and measures that have been set in place managed to position the company on a positive path of steady growth while considering better progression for both companies and employees. The closure of MSM Perlis has enhanced our operational front particularly in the aspect of utilisation rate (UF) and yield improvement in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). Besides that, the redeployment of manpower from MSM Perlis to MSM’s other operational premises provided opportunities for our employees to continue working with MSM and accelerate their career progression.”

“The disposal of MSM Perlis is part of MSM’s blueprint in monetising non-core assets to reduce further borrowings and improve gearing, strengthen cash flows, fund capital and operational expenditures. An extraordinary income will also be realised as part of the proposed disposal with an estimated gain of RM91.6 million,” said Syed Feizal.



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Since the cessation of sugar cane plantation in 2011, MSM Perlis continued to manage the

agricultural land with rubber, oil palm and mango plantation. However, due to unsustainable performance associated with high operating costs of maintaining plantation activities, MSM Perlis ceased its plantation sector on 30 June 2019.

Meanwhile, its sugar refinery operations were discontinued a year later following MSM's capacity rationalisation to consolidate the production in the new refinery, MSM Johor. Furthermore, the unfavourable location of MSM Perlis from ports, its small capacity and high-cost facility have caused the operations to be uneconomical.

These decisions were mandated by both the Board of Directors of FGV and MSM in the best interest of the Group, to optimise the potential of the assets and strengthen the capital structure. As public-listed companies, stakeholders will continue to be engaged and timely disclosures will be made. Guided by its business plans and strategies, FGV and MSM will remain resilient in sustaining the turnaround journey and building on emerging opportunities.

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