

**FGV HOLDINGS BERHAD**  
 Registration No. : 200701042133 (800165-P)  
 (Incorporated in Malaysia)

**Question and Answer Session with the Shareholders and Proxies during the Twelfth (12<sup>th</sup>) Annual General Meeting of FGV Holdings Berhad (FGV or Company) held at Broadcast Venue, Alpha Meeting Room, Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia on Friday, 19 June 2020 at 11.00 a.m.**

NO.	RAISED BY / ANSWERED BY	QUESTION (Q) AND ANSWER (A)	
1.	<p>Raised by : En. Sulong Jamil Mohamed Syariff, Shareholder</p> <p>Answered by : Dato' Haris Fadzilah Hassan, Group Chief Executive Officer (GCEO)</p>	Q1	<p>En. Sulong Jamil Mohamed Syariff, a Shareholder, noted that FGV has ventured into other businesses instead of focusing on its core business, i.e. Plantation, Sugar, and Logistics. He enquired whether Management will lose its focus and struggle due to lack of expertise in the new fields.</p>
		A1	<p>The GCEO stated that palm oil remains FGV's main focus, however, due to low crude palm oil (CPO) price and the high cost of maintaining the estates, FGV aims to supplement its revenue and maximise its land utilisation by operating within what is called the 'Palm Oil Circular Economy'. He stated for example, during the 3-year replanting period where the Company normally do not produce any income from its estates, FGV plans to plant cash crops to ensure continuous stream of income.</p> <p>He stated that FGV also plans to produce animal feed out of the 400,000 metric tonnes palm kernel cake that the Company produce annually and FGV is looking at generating renewable energy from by-products of the Company's palm oil process.</p> <p>The GCEO states that Malaysia spends nearly RM16 billion on food imports annually and FGV plans to tackle Malaysia's high food import bill by venturing into food business. He stated that Management feels FGV's main businesses will not be neglected but rather will be complemented by these new ventures. He stated for example, the Logistics Sector will be further utilised to transport the cash crops and dairy products and the new ventures will in turn diversify the Company's revenue stream and enable FGV's management to develop capabilities their lacking from the new ventures.</p>

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	<p>Raised by : En. Sulong Jamil Mohamed Syariff, Shareholder</p> <p>Answered by : Dato' Haris Fadzilah Hassan, GCEO</p>	<p>Q2</p> <p>A2</p>	<p>En. Sulong Jamil Mohamed Syariff enquired whether FGV plans to divest its stake in MSM Malaysia Holdings Berhad (MSM) or maintain its stake as the largest shareholder in MSM.</p> <p>The GCEO stated that in relation to FGV's shareholdings in MSM, FGV is open for any potential partner that can add long term value to FGV's and MSM's shareholders. At the same time, FGV still works with MSM's Management to grow the business and ensure they fulfil their objectives and deliver the targets set.</p>
2.	<p>Raised by : Mr. Leong Chong Wah, Shareholder</p> <p>Answered by : Ms. Koo Shuang Yen Company Secretary</p>	<p>Q1</p> <p>A1</p>	<p>Mr. Leong Chong Wah, a Shareholder, enquired on why only the Chairman was allowed to be appointed as Proxy and whether this is in line with the Company's Constitution?</p> <p>The Company Secretary explained that the revised Proxy Form was published on Bursa Malaysia's website as well as on the Company's website on 11 June 2020 and FGV allows the Shareholders to appoint any person to be their Proxy. The Company Secretary further stated that Proxy Forms submitted prior to 11 June 2020 are still valid.</p>
3.	<p>Raised by : En. Isnan Fitri Mohd Azmi, Shareholder</p> <p>Answered by : Dato' Haris Fadzilah Hassan, GCEO</p>	<p>Q1</p> <p>A1</p>	<p>En. Isnan Fitri Mohd Azmi, a Shareholder, enquired on the measures taken to bring back FGV to profitability.</p> <p>The GCEO explained that FGV's Business Plan 2019-2021 (BP21) was formulated with the aim to stop the decline and drive sustainable growth throughout the Group and this Business Plan is guided by key principles that revolves around the following:</p> <ul style="list-style-type: none"> <li>• To maximise value through integrated value chain.</li> <li>• Portfolio enhancements to balance structural inefficiencies.</li> <li>• Better resource organisation to generate higher returns.</li> <li>• To adopt commercially driven and accountable business decision making.</li> <li>• To optimise human capital potential in driving growth.</li> </ul>

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		<p>He further stated that as part of the BP21, management has also embedded ethical, sustainable and responsible behaviour into every facet of the business, in order to create long term value, with respect to our stakeholders, the environment, the resources and governance.</p> <p>He stated that the four main strategic thrusts were developed to drive this Business Plan to create meaningful outcomes across FGV's core businesses and support functions.</p> <p>He explained the key initiatives under BP21 to bring FGV back to profitability are as follows:</p> <ul style="list-style-type: none"> <li>• Operational improvements in core business in respect of yield, productivity, good agricultural practice and replanting.</li> <li>• Stringent cost control in respect of operational areas, procurement and corporate centres. FGV has achieved RM170 million procurement cost savings through improved processes and negotiation strategies as at 31 December 2019 against the target of RM150 million.</li> <li>• Aggressive migrant workers' recruitment. To date, FGV has achieved 97% of the total requirement while minimising the number of repatriation and abscondment due to Covid-19 pandemic. The source countries are also practising movement control order (MCO) of which new recruitment status remains uncertain. However, the recruitment process shall re-commence upon confirmation and approval from the Ministry of Immigration, the Malaysian National Security Council and the Ministry of Health and also approval from each source country. At the same time, FGV is focusing on undertaking new initiatives to retain workers working in its estates.</li> </ul>

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4.	<p>Raised by : En. Mohd Ahzamirul Aiman Ahdar, Shareholder</p> <p>Answered by : Dato' Haris Fadzilah Hassan, GCEO</p>	<p>Q1</p> <p>A1</p>	<p>En. Mohd Ahzamirul Aiman Ahdar, a Shareholder, noted that FGV has been mooting on diversifying its revenue stream by tapping into the integrated farming business. He enquired on the overall plan and whether FGV has ventured into this area.</p> <p>The GCEO stated that integrated farming initiatives is in line with FGV's vision to be the leading player in the agro-food industry. In view of Malaysia's high import food bill, FGV plans to create a globally competitive agro-food company and enhance its capabilities within the entire food value.</p> <p>He further stated that under the Integrated Farming Blueprint launched in December 2019, FGV has established several key projects with a total committed investment of RM12 million and to date, the achievements recorded are as follows :</p> <ul style="list-style-type: none"> <li>• The completion of 10 hectares MD2 Pineapple Seeds Garden at Moakil 7 Estate. Management plans to scale up both for the local and domestic markets through contract farming arrangement which shall be initiated once 1 million of pineapple seeds are ready to be harvested in December, 2020.</li> <li>• On the dairy business, FGV Dairy Farm Sdn Bhd has been established upon subscription of RM10,050,000 new shares which represent 60% equity interest in RedAgri Farm Sdn. Bhd. The Company currently owns 120 pregnant crossbred (Holstein x Jersey) heifers and 2 Holstein bulls and the pregnant heifers are expected to be milking by September, 2020. Products marketed under the brand name Bright Cow can now be found in supermarkets such as AEON independent grocer.</li> <li>• Farm upgrading work in Linggi, Negeri Sembilan including new 2,000 litres/hr fresh milk factory is currently in progress and is expected to be completed by September, 2020. Upon completion, the facility could produce 10 million litres of fresh milk products annually.</li> <li>• On the animal feed business, a total of 15,199 MT of animal feed has been disbursed to the local market with a revenue generation of RM7.96 million as of 31 May 2020. The sale is 186% higher from the sale recorded from the same</li> </ul>

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			<p>period last year. FGV targets to produce 50,000 MT of animal feed this year which is an increase of 150% from last year's target. Four products are already in the market i.e. Basic Profat, Protein Plus+, Basic Finisher, and Finisher Plus+ for Beef Cattle Feed and one new product i.e. Lactation Plus+ will be launched by June, 2020. Another four new animal feed products is expected to be produced by the year end. Universiti Putra Malaysia has been appointed to undertake the scientific research on FGV's feed performance to the cattle growth and productivity. The rebranding of FGV's animal feed products is expected to be launched by Q3, 2020.</p> <ul style="list-style-type: none"> <li>• Discussion with Muda Agricultural Development Authority on the implementation of large scale paddy farming is in the final stages and management plans to plant MRQ76 fragrance rice variety by the first season of paddy planting in 2021. SAJI rice will be launched by end of July, 2020.</li> <li>• On integrated farming, management is in the final stages of discussions to develop various food-based production areas in Chuping as part of a comprehensive effort to enhance the plantation sector in Perlis. The 4,400-hectare land will be used to cultivate high value alternative crops such as cassava for starch production, MD2 premium pineapple and 'harum manis' mangoes. Cassava by-products will then be turned into animal feed and be used for biomass. FGV plans to build a factory with a capacity of 50,000 tonnes per year for the production of cassava starch and maltodextrin.</li> </ul>
5.	<p>Raised by : Ms. Pang Poh Ling, Shareholder</p> <p>Answered by : Datuk Wira Azhar Abdul Hamid, Chairman</p>	<p>Q1</p> <p>A1</p>	<p>Ms. Pang Poh Ling, a Shareholder, noted the circulation of news on the establishment of a new committee by the Government and enquired whether it is true and if yes, what is the role of the committee.</p> <p>The Chairman explained that a new committee has been formed by the Government to look into the affairs and future of FELDA. He stated that this committee may engage FGV and to date, FGV has not received any formal notification from this committee or FELDA.</p>

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6.	<p>Raised by : En. Nik Azinuddin Nik Ibrahim, Shareholder</p> <p>Answered by : Datuk Wira Azhar Abdul Hamid, Chairman and Dato' Haris Fadzilah Hassan, GCEO</p>	<p>Q1</p> <p>A1</p>	<p>En. Nik Azinuddin Nik Ibrahim, a Shareholder, enquired on Q1 2020 performance and the Chairman's view on Management's performance.</p> <p>The Chairman stated that FGV took a hit on the impact of Covid-19.</p> <p>The GCEO added that in Q1 2020, FGV suffered a temporary setback due to lower FFB yield that has affected the country and expects a better result in Q2 2020.</p>
7.	<p>Raised by : Mr. Stephen Lye Tuck Meng, Shareholder</p> <p>Answered by : Dato' Haris Fadzilah Hassan, GCEO and Datuk Wira Azhar Abdul Hamid, Chairman</p>	<p>Q1</p> <p>A1</p>	<p>Mr. Stephen Lye Tuck Meng, a Shareholder, enquired whether FGV is planning to reduce the size of its manpower or to undertake salary reduction in view of the impact of the MCO to the palm oil industry and depressed earnings expected thereof.</p> <p>The GCEO explained that despite the Covid-19 pandemic, FGV was fortunate as most of its businesses are considered as essential services and allowed to operate albeit in a lower capacity. He then stated that despite the above, demand was impacted by China and India as these countries have to shut down its borders.</p> <p>He stated that the MCO imposed by the Government has also shown that FGV's business can operate in a more streamlined manner as majority of the workforce can work remotely and Management will review its manpower requirement moving forward.</p> <p>The Chairman added that the Covid-19 pandemic was a test of FGV Group's resilience and he is convinced that FGV Group has overcome the test remarkably well. He stated that he and the Board remain confident that FGV Group will continue with its transformation plans, business targets and development of its new businesses and hope that these will be reflected positively in the Company's results in the near term.</p>