

ADVANCING RESPONSIBLY

Pre-AGM Questions From
Minority Shareholders Watch Group (MSWG)



Scan the QR
Code to view
FGV AIR &
AFS 2022



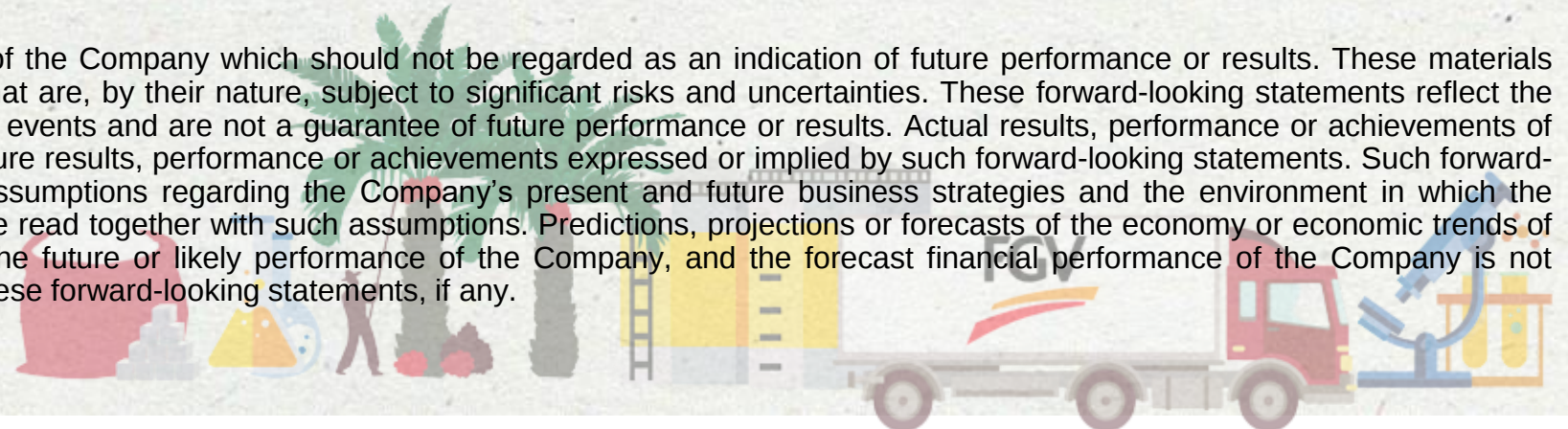


DISCLAIMER.

These materials have been prepared by FGV Holdings Berhad ("FGV" or the "Company") solely for informational purposes, and are strictly confidential and may not be taken away, reproduced or redistributed to any other person. By attending this presentation, participants agree not to remove this document from the conference room where such documents are provided without express written consent from the Company. Participants agree further not to photograph, copy or otherwise reproduce these materials at any point of time during the presentation or while in your possession. By attending this presentation, you are agreeing to be bound by the foregoing restrictions. Any failure to comply with these restrictions may result in a violation of applicable laws and commencement of legal proceedings against you.

It is not the Company's intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company's financial position or prospects. The information contained in these materials has not been independently verified and is subject to verification, completion and change without notice. The information contained in these materials is current as of the date hereof and are subject to change without notice, and its accuracy is not guaranteed. The Company is not under any obligation to update or keep current the information contained in these materials subsequent to the date hereof. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company, or any of its directors and affiliates or any other person, as to, and no reliance should be placed for any purposes whatsoever on, the fairness, accuracy, completeness or correctness of, or any errors or omissions in, the information contained in these materials. Neither the Company, its directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of these materials or their contents or otherwise arising in connection therewith.

These materials contain historical information of the Company which should not be regarded as an indication of future performance or results. These materials may also contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, and must be read together with such assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Company, and the forecast financial performance of the Company is not guaranteed. No reliance should be placed on these forward-looking statements, if any.





FINANCIAL MATTERS – QUESTION 1(a)

Included in the payables was a provision for compensation of recruitment fees amounting to RM112 million. The provision was part of the Group's remediation plan for its existing and former migrant workers. (page 50 of AIR2022)

- a) How many of the Group's migrant workers, were compensated in relation to the above? What is the breakdown between existing and former migrant workers?**

ANSWER:

FGV will compensate approximately 20,000 existing migrant workers and 3,700 former migrant workers.



FINANCIAL MATTERS – QUESTION 1(b)

Included in the payables was a provision for compensation of recruitment fees amounting to RM112 million. The provision was part of the Group's remediation plan for its existing and former migrant workers. (page 50 of AIR2022)

b) Is the RM112 million the final sum for compensation of recruitment fees to the Group's existing and former migrant workers? Or does the Group expect further compensation to be made for its migrant workers? If yes, what is the estimated provision for compensation to be made for financial year ending 2023?

ANSWER:

The total provision of RM112 million is based on industry average rate per worker for 23,700 existing and former workers. We anticipate payment for compensation and other contingencies will not exceed this amount. Hence we do not expect to make any additional provision in the financial year ending 2023.



FINANCIAL MATTERS – QUESTION 2 (a)

Impairment loss on amounts due from other related companies increased significantly to RM12.75 million (2021: RM0.14 million), while impairment loss of receivables (net) increased substantially to RM13.44 million (2021: RM2.94 million). (pages 19 & 20 of AFS2022)

- a) What is the cause for the significant increase in impairment loss on amounts due from related companies? Which are the affected related companies? What is the probability of reversing or making further impairment losses in financial year ending 2023?**

ANSWER:

The significant increase in impairment loss on the amounts due from other related companies was due to delay in payment in respect of sales of goods to subsidiaries of our ultimate holding company. Subsequent to the financial year ended 2022, partial payment has been made hence we were able to reverse part of the impairment loss in the second quarter of 2023. Further reversal or impairment will depend on the payment trend of the debtors.



FINANCIAL MATTERS – QUESTION 2 (b)

Impairment loss on amounts due from other related companies increased significantly to RM12.75 million (2021: RM0.14 million), while impairment loss of receivables (net) increased substantially to RM13.44 million (2021: RM2.94 million). (pages 19 & 20 of AFS2022)

b) Why is there such a huge increase in impairment loss of receivables (net)? What comprises these impaired receivables? How much of the impaired losses has been recovered to date and what is the probability of recovering the remaining balance?

ANSWER:

The increase in impairment loss of receivables was mainly due to full impairment of debt from a customer who failed to make payment for supply of an item by our IT business. No payment has been recovered and legal action has been taken on the matter.



CORPORATE GOVERNANCE MATTERS – QUESTION 1

The amount of non-audit fees rendered to the Group by its external auditors, Pricewaterhouse Coopers PLT (PwC), for the financial year ended 31 December 2022 amounted to RM2.68 million (2021: RM0.17 million). (page 179 of AIR2022 & page 77 of AFS2022)

What is the reason for the significant increase in non-audit fees? What comprises these non-audit fees?

ANSWER:

The increase was in relation to reporting accountant's work in relation to the on-going corporate exercises.



CORPORATE GOVERNANCE MATTERS – QUESTION 2

Addendum to the Notice of 15th Annual General Meeting (AGM) on the withdrawal of Ordinary Resolutions 5, 6 and 8. The Company informed that subsequent to the issuance of the Notice of 15th AGM dated 28 April 2023, the Company has recently received notices from its Directors namely Dato' Nonee Ashirin Dato' Mohd Radzi, Kasmuri Sukardi and Azmin Che Yusoff that they do not wish to seek for re-election at the 15th AGM of FGV. (Bursa announcement 2 June 2023)

The Board had endorsed recommendations from the Nomination & Remuneration Committee to re-elect three retiring directors who had offered themselves for re-election at the 15th AGM. However, just eighteen days before the meeting, three (3) of the Independent Non-Executive Directors gave notice at the same time that they are not seeking re-election.

What is the reason for the sudden change of heart on the part of the three directors?

ANSWER:

Re-election of Directors is subject to consent by the respective Board Members. Subsequent to the issuance of the Notice of 15th AGM dated 28 April 2023, the Company has received notices from Dato' Nonee Ashirin Dato' Mohd Radzi, En. Kasmuri Sukardi and En. Azmin Che Yusoff that they do not wish to seek re-election at the 15th AGM.



OPERATIONAL MATTERS – QUESTION 1 (a)

During the year under review, the Group completed felling of 10,858 Ha. The total replanted, however, stood at 3,232 Ha only due to the rescheduling of planting to match seedling readiness and the retendering of the contract to new vendors for a long-term replanting project. (page 58 of AIR2022)

- a) What is the Group's target replanting area for financial year 2023 and what is the budgeted expenditure for the replanting?**

ANSWER:

The replanting target for 2023 is to complete the planting of 24,800 Ha including the incomplete replanting program from the previous year. The budgeted expenditure for replanting is approximately RM376 million.



OPERATIONAL MATTERS – QUESTION 1 (b)

During the year under review, the Group completed felling of 10,858 Ha. The total replanted, however, stood at 3,232 Ha only due to the rescheduling of planting to match seedling readiness and the retendering of the contract to new vendors for a long-term replanting project. (page 58 of AIR2022)

b) The Group will also be accelerating replanting to correct the age profile of its plantations with a target to replant around 20,000 Ha and expects the age profile of trees to be 10.2 years by 2025 (page 59 of AIR2022). To-date, how far-off is the Group from its replanting schedule?

ANSWER:

Our 2023 replanting program is on track. Based on the replanting programme schedule, the average age profile is expected to be 10.32 years by 2025, which is slightly less than 1% of the target of 10.20 years.



OPERATIONAL MATTERS – QUESTION 2

By the end of 2022, the Group managed to bring in more than 10,000 plantation workers, reducing its labour shortage from 32% in 2021 to 13% in 2022 (page 26 of AIR2022). In terms of labour, the Group will expand its recruitment hubs with the aim of achieving 110% worker strength in 2023 (page 59 of AIR2022).

To-date, has the Group successfully addressed its labour needs? How far-off is the Group from achieving 110% worker strength?

ANSWER:

As at the first quarter of 2023, the Group's labour strength is at 89%, a marked improvement from 68% in 2021. We anticipate around 2,900 balance of stranded workers to come in starting from mid-June until July 2023. This will bring our workforce shortage to reduce by another 5%, to 94%.

Additionally, FGV will be engaging Ministry of Plantation and Commodities to collaborate on local recruitment to reduce the dependency on the industry on migrant workers.



OPERATIONAL MATTERS – QUESTION 3

During the year, the Logistics & Others (“LO”) Sector’s profit increased by 16% to RM104 million from the RM90 million recorded in the previous year. One of the factors that contributed to the LO Sector’s improved profitability was its intensified Cost Control Programme (“CCP”), that has resulted in significant cost savings. (page 68 of AIR2022)

How much cost savings did the Group achieve under the CCP for FY2022? What were the key measures undertaken by the Group under the CCP to save cost?

ANSWER:

Logistics & Others Sector recorded 11% cost savings amounted to RM3 million CCP from its bulking and storage division.

The key measures undertaken by the Storage division were enhanced operational controls and ensuring optimal steam pressure of its storage tanks. The transport division has reduced its costs through utilisation of premium retreaded tires for trailers. The Transport division is also evaluating green tire usage aimed at lowering tire costs with minimal carbon footprint.

THANK YOU

FGV Holdings Berhad

200701042133 (800165-P)

Investor Relations Department

Level 20, Wisma FGV,

Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia



+603 2789 0000



fgv.investors@fgvholdings.com



www.fgvholdings.com

