

MEDIA RELEASE

MSC's relocation to a more technologically advanced plant with higher capacity remains on track

- *Smelting operations at new Pulau Indah plant to commence in the near term*
- *Carries out internal restructuring exercise and offers VSS to affected employees*

Kuala Lumpur, 7 February 2020 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad's ("MSC" or "the Group") relocation to its new smelting facility in Pulau Indah, Port Klang is progressing well. Full smelting operations are expected to commence in the near term. However, even with Pulau Indah in full operations, the plant in Butterworth will still be in service, working in tandem, so as to ensure problem-free production. Our priority is peace of mind for our customers at the expense of cost duplication, until smooth operations are achieved.

At Pulau Indah, the Group will employ cutting edge Top Submerged Lance ("TSL") technology to reduce costs and over-reliance on intensive labour. Overall process efficiency will also be achieved with the TSL single stage smelting as compared to the dated reverberatory furnaces currently employed in Butterworth, which traps tin in multi-stage smelting, resulting in a build up of tin caught in intermediates.

Dato' Dr. Patrick Yong (杨满堂), Group Chief Executive Officer of MSC said, "This is a necessary move for us as we establish a solid foundation for growth whilst facing an increasingly challenging operating landscape, which includes

uncertain macroeconomic conditions as well as volatile tin price movements, among others.”

The technology upgrade will significantly enhance the Group’s extractive yields, in a more cost efficient and environmentally friendly manner. The new plant uses natural gas as fuel and follows a more comprehensive single-stage continuous smelting process, leading to a minimisation in MSC’s carbon footprint.

At Pulau Indah, the Group will be utilising renewable energy with its installed rooftop solar panels and will be tapping waste heat from the furnaces, recycling energy from operating thermal wastage. This is in line with the Group’s aim in becoming a more sustainable tin player.

Furthermore, the new set-up at the Pulau Indah plant enables a scale up in production capacity from the current 40,000 tonnes per year, by an additional 50%, using oxygen enrichment without incurring additional capital expenditure.

“As we commence operations at Pulau Indah and eventually phase out production at Butterworth, we anticipate a gradual improvement in our financial performance,” he added.

Internal Restructuring

The impending move to Pulau Indah will also involve an internal restructuring exercise affecting approximately 550 employees at the Butterworth smelter.

While MSC provides employees the opportunity to relocate from Butterworth to Pulau Indah and upskill their capabilities to operate more advanced technologies, there will be a reduction in manpower as the new modern plant requires less workers.

Hence, MSC will be undertaking a Voluntary Separation Scheme (“VSS”) which allows employees to opt out while receiving a fair and equitable compensation package governed by the Employment Act 1955, guided by the Company’s Employee Handbook and Collective Agreement.

Dato’ Dr. Patrick further commented, “As a responsible employer, we are committed to carrying out this restructuring exercise in a fair and sensitive manner. Official notification has been given to all affected employees to prepare them for this transition. We are also planning to organize a townhall session to provide a platform to address employee concerns. In addition to the compensation offered, we will provide support in terms of career transition during this period of change.”

The Group is working closely with officers from the National Union Of Industrial Mineral Smelting Workers, to ensure that the transition process is transparent and the collective agreement is adhered to, with the aim of protecting workers’ rights.

“With the migration to Pulau Indah, we are well-positioned to benefit from the rising demand for tin with lower operational costs. We continuously review our strategies to ensure that the Group stays resilient against external headwinds. We continue to explore new areas of growth with the aim of further establishing MSC as a leading integrated tin player.”

ABOUT MALAYSIA SMELTING CORPORATION BERHAD

The MSC Group is currently one of the world's leading integrated producers of tin metal and tin based products and a global leader in custom tin smelting since 1887. MSC which is a subsidiary of The Straits Trading Company Limited of Singapore is listed both on the Main Market of Bursa Malaysia and the Main Board of Singapore Exchange.

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Released on behalf of Malaysia Smelting Corporation Berhad by Capital Front Investor Relations.

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