

Scientex to expand sustainable packaging operation

Company plans to produce more recyclable products — ED

BY SYAHIRAH SYED JAAFAR

KLANG: Packaging manufacturer Scientex Bhd, which has just secured shareholders' approval to acquire a controlling stake in Daibochi Bhd, plans to synergise both companies' expertise to produce more recyclable products.

Speaking at the media briefing after the group's extraordinary general meeting (EGM) yesterday, Scientex executive director (ED) of corporate planning Jesselyn Chang said the synergy can happen via combining Scientex's expertise in stretch film with Daibochi's laminated flexible packaging knowledge.

She said with the growing demand for sustainable products, it would be opportune for the group to increase its portfolio of offerings to meet market demand.

"Lately you see that everyone is very concerned about environmental issues when it comes to plastic packaging. A lot of these brand owners are now looking at using fully-recyclable plastic packaging.

"Currently when you look at the packaging offered in supermarkets, it's a combination of different types of materials which are not recyclable. So we would like to combine these materials

to produce one material which is recyclable," she said.

The shareholders granted the approval at its EGM for the acquisition of a 42.4% controlling stake in Daibochi for RM221.1 million from certain shareholders of Daibochi.

The purchase of 139.1 million shares would be satisfied by the issuance of 25.1 million Scientex shares, with a share exchange ratio of one new Scientex share for every 5.5 Daibochi shares held.

With the shareholders' approval, Scientex subsequently served its mandatory general takeover offer (MGO) to Daibochi to acquire all the remaining shares it does not hold in the latter.

In a separate statement, Scientex managing director Lim Peng Jin reiterated that Daibochi's listing status will be maintained as well as its operation's workforce, both in Malaysia and Myanmar.

Aside the plan to develop a wider range of sustainable flexible plastic packaging, Lim said the group will also be poised to benefit from Daibochi's increasing opportunities in the food and beverage, as well fast-moving consumer goods markets in Myanmar as it transitions from a closed to open economy.

"We hope to scale up its operations to tap into the fast-growing

market," he said.

The acquisition of the 42.4% majority stake in Daibochi is expected to be completed on or before Feb 19 and would contribute positively towards Scientex's earnings for the financial year ending July 31, 2019 onwards, it said.

The group's property segment is targeting to launch RM1 billion worth of affordable properties during the current financial year (FY19), similar to last year's target.

Despite the soft market, Chang said the take-up rate for its affordable home projects around the peninsula has consistently been good and the company will continue to focus on this segment for its property arm.

Its unbilled sales currently stand at RM500 million as at the first quarter of financial year 2019 (1QFY19).

"Every year we launch about 15 projects, depending on the size. We currently have developments in Johor, Melaka, Perak and our latest in Rawang. We plan to launch more around the Klang Valley too," she said, adding that the group has more than 3,000 acres of land bank.

Under the group's long-term 2028 strategy, Scientex plans to build 50,000 units of affordable homes, with 17,000 units completed to date.