SCIENTEX®

healthy, friendly & happy ...

INTEGRATED ANNUAL REPORT

2020

SCIENTEX BERHAD

196801000264 (7867-P)

Contents

In This Year's Report

REPORTING FRAMEWORK

- This is Scientex's first Integrated Annual Report, prepared in accordance with the International Integrated Reporting Framework prescribed by the International Integrated Reporting Council.
- This report aims to provide stakeholders with concise information covering:
  - The state of regional and global industry sectors in which we operate
  - Our business processes, objectives and competitive advantages
  - Risks inherent to our businesses and our strategies for mitigating them
  - How we create and enhance value for our stakeholders
- This report is prepared in compliance with Bursa Malaysia Main Market Listing Requirements; Malaysian Financial Reporting Standards; Companies Act 2016 in Malaysia; and Global Reporting Initiative ("GRI") Standards.

SCOPE AND BOUNDARY

- The report extends beyond financial reporting to include non-financial performance, risks and opportunities, targeted outcomes associated with our key stakeholders and any other factors that may have a significant influence on our ability to create value.
- Covers the period from 1 August 2019 to 31 July 2020 ("FY2020") and builds on our previous publications.

FORWARD LOOKING STATEMENTS

- Contains certain forward-looking statements, relating to information on future directions, strategies, potential risks or opportunities and performance.
- These statements and forecasts involve uncertainty as they describe future events and are not conclusive. Actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable.
- The inclusion of forward-looking statements in this Integrated Annual Report should not be regarded as a representation or warranty that Scientex Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

STAKEHOLDER RELATIONSHIP AND MATERIALITY

- We apply the principles of Stakeholder Relationships and concept of Materiality to define and substantiate what creates value for Scientex.
- This means understanding and responding to the needs of our stakeholders and material matters that significantly impact our ability to create value.
- Accordingly, we have identified five material matters (refer to 'Material Matters' on page 41), and our key stakeholders (refer to 'Key Stakeholder Engagement' on page 39).

VALUE CREATION

- In progressing towards our vision 'To Grow The Scientex Community for a Better Tomorrow' and 'To Double Up Every Five Years', we are empowered by our capitals and encouraged by the effects on them.
- Our value creation business model on page 36 contextualises how the capitals are deployed, how our internal governance and systems are used, and the strategies to manage external and internal factors towards measuring outputs and outcomes across the capitals.

A PASSION FOR
PACKAGING AND PROPERTY DEVELOPMENT

SCIENTEX®
healthy, friendly & happy ...

One of the world's largest producers of stretch film
Products across the packaging value chain
A global leader with exports to more than 60 countries

Building quality affordable homes since 1995
Growing our presence across the nation
Towards 50,000 units of affordable homes by 2028

Scientex is one of the top producers of stretch film and a leading player in the flexible plastic packaging industry, as well as a reputable developer of quality affordable homes in Malaysia.

Our integrated packaging products stretch across the packaging value chain, from plain film, base film and printed film to bags and multi-layered flexible plastic packaging solutions providing wide ranging benefits such as protection, convenience, hygiene and safety, and reduction of food wastage.

The Scientex name has also flourished as a reputable property developer of quality affordable homes in Malaysia. With land banks exceeding 3,700 acres stretching from the south to the north of Peninsular Malaysia, we are proud to have completed 21,531 affordable homes to date, providing greater access to home ownership for Malaysians.

Scientex aspires towards consistent growth and we are focused on realising our vision 'To Grow The Scientex Community for a Better Tomorrow' and 'To Double Up Every Five Years'.

Incorporated in **1968**

Listed on Bursa Malaysia Since **1990**

Achieved **RM3.5 Billion** Revenue in FY2020

Total of **3,913** Employees

19 Manufacturing Facilities in Malaysia, Vietnam, Myanmar and USA

19 Property Developments Across Malaysia

A Snapshot of FY2020

A ROBUST OVERALL PERFORMANCE

REVENUE
RM3.5 Billion
+8.3%

PROFIT BEFORE TAX
RM544.3 Million
+20.8%

NET PROFIT
RM390.1 Million
+16.9%

EARNINGS PER SHARE
75.7 Sen
+13.5%

SHAREHOLDERS' EQUITY
RM2.6 Billion
+15.1%

NET GEARING RATIO
0.25 Times
-21.9%

PACKAGING DIVISION

295,000
Metric Tonnes of Products Sold

18
New Extrusion and Converting Machines

PROPERTY DIVISION

432
Acres
Land Banks Acquisitions Completed

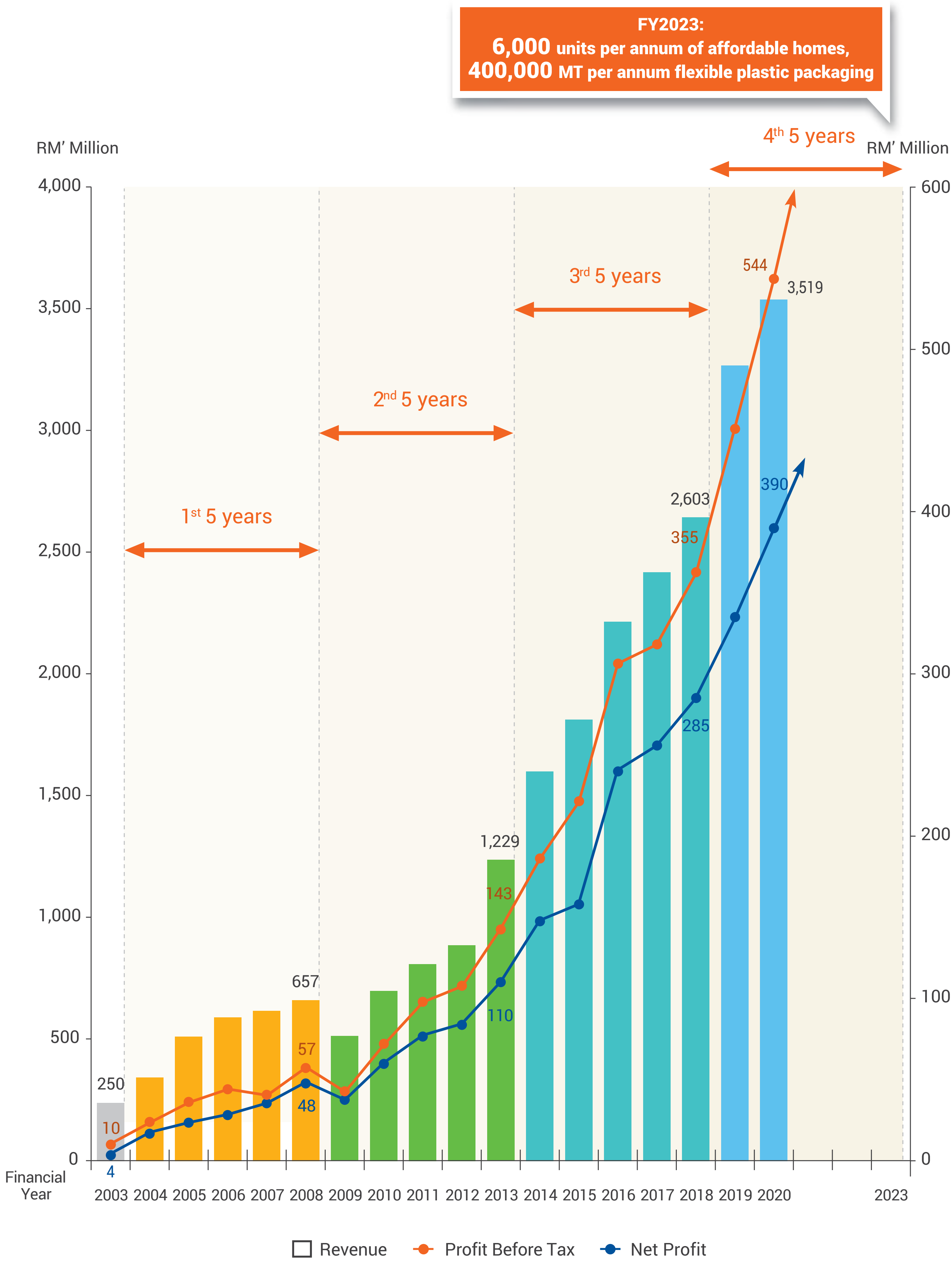
2,988
Units
Affordable Homes Completed

21,531
Units
Total Affordable Homes Completed To Date

SUMMARY

- A robust and stable financial performance
- Continued growth in production capacity and capabilities across the packaging value chain in line with packaging division targets
- Continued focus on affordable homes secured a strong performance for the property division with continuous land banking expansion

Doubling Up Every Five Years



Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman & Non-Independent Non-Executive Director

Lim Peng Jin
Managing Director/ Chief Executive Officer

Lim Peng Cheong
Non-Independent Non-Executive Director

Wong Chin Mun
Independent Non-Executive Director

Dato' Noorizah Binti Hj Abd Hamid
Independent Non-Executive Director

Ang Kim Swee
Independent Non-Executive Director

COMPANY SECRETARIES

Tung Wei Yen
(MAICSA 7062671)
(SSM Practising Certificate No. 201908003813)

Ong Ling Hui
(MAICSA 7065599)
(SSM Practising Certificate No. 202008000555)

AUDIT COMMITTEE

Wong Chin Mun
Chairman

Dato' Noorizah Binti Hj Abd Hamid
Member

Ang Kim Swee
Member

NOMINATION AND REMUNERATION COMMITTEE

Ang Kim Swee
Chairman

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Member

Wong Chin Mun
Member

RISK MANAGEMENT COMMITTEE

Dato' Noorizah Binti Hj Abd Hamid
Chairperson

Lim Peng Jin
Member

Ang Kim Swee
Member

AUDITORS

Deloitte PLT
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

SOLICITORS

Koh Kim Leng & Co.
Shearn Delamore & Co.

PRINCIPAL BANKERS

Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
United Overseas Bank Berhad

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

No. 9, Persiaran Selangor
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan
Tel : 03-5524 8888/03-5519 1325
Fax : 03-5519 1884
Website : www.scientex.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (Stock code: 4731)

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
(Jalan Semangat), Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670
Email : BSR.Helpdesk@boardroomlimited.com
Website: www.boardroomlimited.com

VISION

TO GROW THE SCIENTEX COMMUNITY FOR A **BETTER TOMORROW**

TO **DOUBLE UP** EVERY FIVE YEARS

The Scientex Community includes all stakeholders and the families that dwell in our communities

PURPOSE

OUR PACKAGING DIVISION STRIVES TO PROVIDE **FLEXIBLE PLASTIC PACKAGING SOLUTIONS** FOR

- PROTECTION
- CONVENIENCE
- HYGIENE AND SAFETY
- FOOD WASTE REDUCTION

OUR PROPERTY DIVISION ENDEAVOURS TO SUPPORT THE MALAYSIAN COMMUNITY THROUGH THE PROVISION OF **AFFORDABLE YET QUALITY HOMES**

OUR CORPORATE PHILOSOPHY

SCIENTEX
healthy, friendly & happy ...

MANAGEMENT LIKE WATER

Behind our successes is our corporate philosophy of 'Management Like Water'. The strategies we employ may change over time, but our philosophy remains the constant behind everything we do. Our corporate philosophy is based on six separate and inter-related facets as described below.

BELIEF

We instil belief that what we produce for the world is as vital and valuable as water, and our output contributes to the betterment of society

NATURE & SCIENCE

We respect the laws of nature and science as we seek solutions and attempt to tackle different challenges

ENERGY

Flowing water gathers momentum and builds up energy that we harness to break barriers, leap forward and surge ahead

MODESTY

We remain humble, like a drop of water in the ocean, yet like the mighty waves, we think big and aim high

FLEXIBILITY

Like the flexibility of water, we always adopt a fluid and adaptable stance in responding to challenges

PURITY

In the face of success or failure, the purity and cleansing properties of water remind us to always stay true to ourselves and move forward with positivity

Packaging Division: Overview

Steadily Growing Through The Packaging Value Chain

From humble beginnings, Scientex's meteoric rise within the packaging industry truly began in 1997 with our foray into the stretch film business. Today, we are one of the world's largest producers of stretch films with our Pulau Indah plant, which is strategically located within the West Port vicinity, being ranked as the world's largest stretch film facility in a single location.

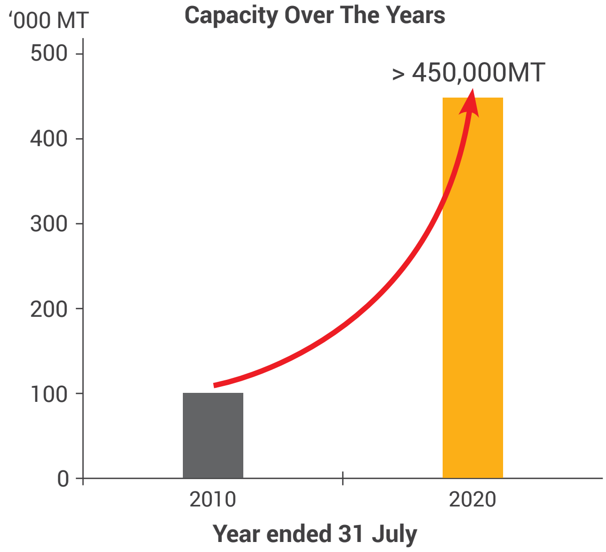
Through discerning expansion activities, including acquisitions, mergers and partnerships, we have substantially expanded our packaging expertise in the last decade. Our packaging products now extend across key profiles within the sector, from plain films to printed films, bags and multi-layered flexible plastic packaging to innovative and sustainable flexible plastic packaging solutions.

GROWING ACROSS THE PACKAGING SECTOR

Scientex consistently and resolutely expands our presence in our current market segment as well as diversifies into related market segments that will afford us greater production capacity, extend our capabilities, provide cost benefits and enhance our market presence.

Through organic expansion as well as via mergers, acquisitions and joint ventures, Scientex has not only expanded its range of base films, but has also moved up the value chain to provide a wider range of value added products which includes amongst others, printed film, metallised film, barrier film, wicketed bags as well as converted packaging solutions of various forms, designs and applications.

Growing Our Extrusion Production Capacity Over The Years



CAPABILITIES ACROSS THE PACKAGING VALUE CHAIN


PLAIN FILM


PRINTED FILM


WICKETED BAGS & POUCHES


MULTI-LAYERED FLEXIBLE PLASTIC PACKAGING IN ROLLS & BAGS

Packaging Division: Overview

DRIVING INNOVATION IN TANDEM WITH GLOBAL TRENDS

Technology and technical knowledge are two key areas where Scientex holds an advantage in the highly competitive flexible plastic packaging industry. Our advanced machinery and equipment deploy cutting-edge cast and blown film extrusion technology from reputable machine suppliers to ensure the output of high quality films with good dimensional stability and consistent mechanical and optical properties.

These are complemented by a full range of printing and converting machines capable of producing a wide selection of bags and rolls. It is noteworthy that Scientex can proudly lay claim as the largest producer of wicketed bags in the Southeast Asia region.

Our sophisticated capabilities, supported by state-of-the-art machinery, in-house laboratories, testing facilities and a strong technical and development team, empowers us to consistently drive product innovation to enhance our product value and quality to meet customer and market demand. With our recognised capabilities, Scientex is now a first mover in the development of fully recyclable mono-material laminate packaging in Malaysia.

With our diversified, inventive and sustainable manufacturing expertise, Scientex is poised to further tap into the growing global demand for flexible plastic packaging driven by rapid population growth, lifestyle changes and increasing urbanisation.

Blown film extrusion technology

Our Rawang analytical lab

Automated wicketed bread bag machine

Packaging Division: Business Process

A Steadfast Approach Towards Steady Growth

Scientex remains consistently focused in our established and effective business processes that have enabled us to consistently meet or exceed our growth targets. The four core modules in our packaging business process allows us to remain thoroughly focused on the fundamental processes that form the cornerstones of our success to maximise value in the short, medium and long term.

Description

The conceptualisation and development of high quality products with innovative technology in line with market needs

Principal Activities

- Continuous enhancement of capacity and capabilities
- Continuous effort in product innovation
- Prime for organic growth with state-of-the-art machine investments
- Identification of potential for enhanced capacity and capabilities across our plants

Description

The efficient and planned purchase and storage of raw materials

Principal Activities

- Centralised purchasing function of main raw materials to derive economies of scale
- Expand supplier pool and develop sustainable relationships with key suppliers
- Ensure consistent supply of raw materials whilst constantly monitoring cost and inventory of raw materials

Description

Sell to an expanding market base

Principal Activities

- Identify growth potential in existing sectors
- Expand into growing market sectors
- Continuously support and meet customer needs through value added products

Description

Enabling production that is cutting-edge, efficient, innovative and scalable

Principal Activities

- Enhance production efficiency through factory specialisation
- Effective layout planning of factories and production planning to increase factory efficiency

Packaging Division: Market Presence

Solidifying Our International Presence

Scientex has gained international recognition as a key player in the flexible plastic packaging industry with an ever-increasing number of manufacturing plants and offices across Malaysia and around the globe.

FACTORIES

- Pulau Indah, Selangor (3 factories)
- Shah Alam, Selangor
- Klang, Selangor (3 factories)
- Rawang, Selangor
- Sg Siput, Perak
- Chemor, Perak
- Tanjung Kling, Melaka (2 factories)
- Jasin, Melaka
- Bukit Rambai, Melaka
- Air Keroh, Melaka
- Teluk Emas, Melaka
- Ho Chi Minh City, Vietnam
- Phoenix, Arizona, USA
- Yangon, Myanmar

SALES OFFICES

- Melbourne, Australia
- Sydney, Australia
- Jakarta, Indonesia
- Surabaya, Indonesia
- Tokyo, Japan
- Manila, Phillipines
- Singapore
- Bangkok, Thailand

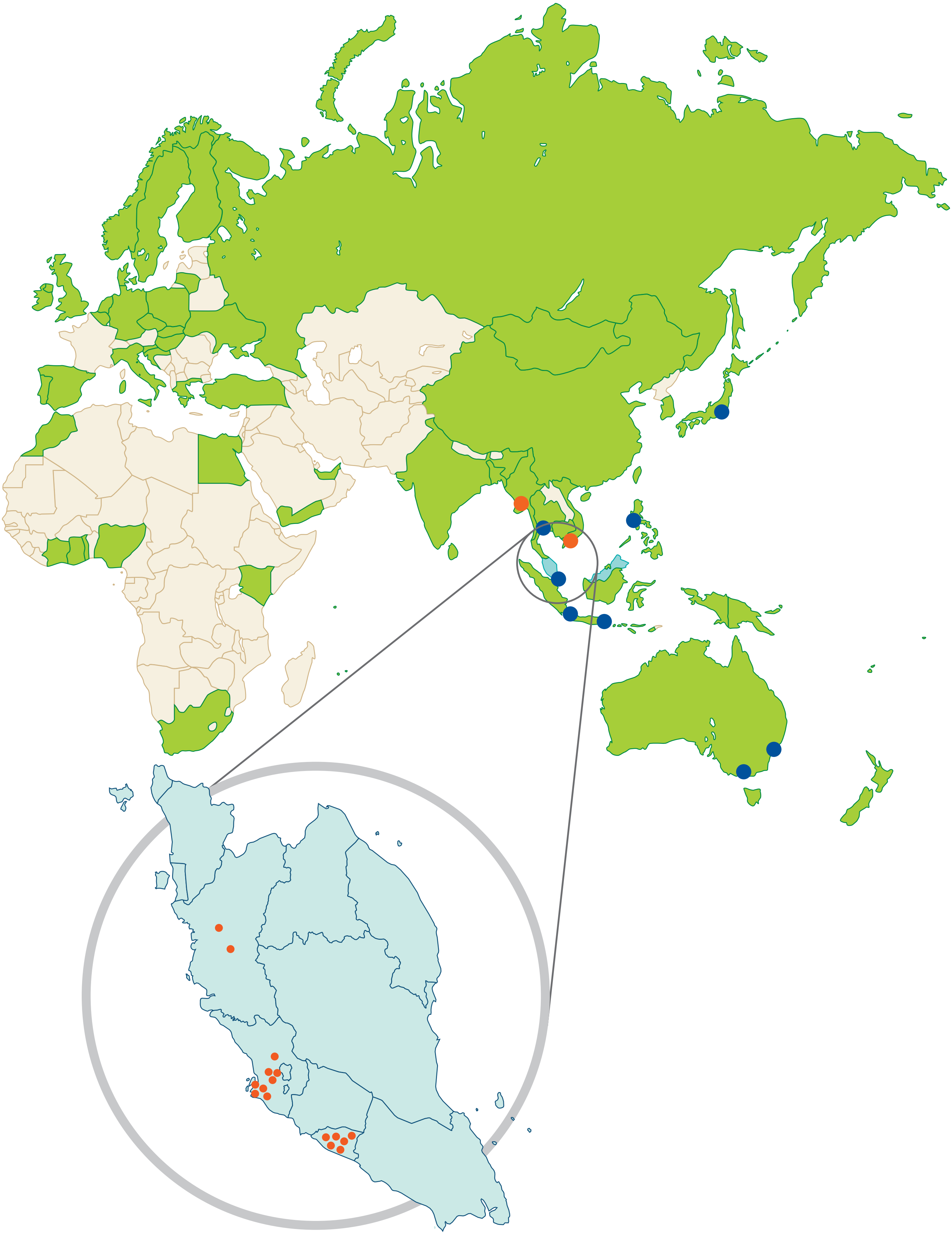
EXPORT COUNTRIES

Export to more than **60** countries

19 factories worldwide

Overseas sales offices in **6** countries

Packaging Division: Market Presence



Property Division: Overview

Addressing The Rakyat's Growing Needs For Affordable Housing

Aerial view of Scientex Amber Land in Johor

Backed by a strong and established track record of constructing quality affordable homes, Scientex continues to expand its repertoire of desirable residential projects from the South to the North of Peninsular Malaysia.

Scientex's Property Division was first incepted in 1995 in Pasir Gudang, Johor with the vision of providing affordable yet quality homes to house buyers. With escalating property prices and scarcity of reasonably priced land banks for development making home ownership a challenge for the low-to-middle income groups, Scientex has adopted a business model that is designed to meet the ever-growing demand for affordable homes for this category of homebuyers.

Commencing from our very first project in Pasir Gudang, Johor, we have since expanded our presence from Johor and Melaka to Selangor and Perak in the Central Region and subsequently Penang in the Northern Region of Peninsular Malaysia.

With the demand for affordable homes continuing to increase across major cities and towns in Malaysia, Scientex is prepared to leverage upon our numerous land banks and strong construction expertise to expand our presence within established and rapidly growing locations as we continue to grow our footprint across Peninsular Malaysia.

Property Division: Overview

THE SCIENTEX TRIFECTA OF BENEFITS

SPEED
We progress quickly from acquisition to development and are reputed for on-time completion and speedy key handovers

COST
We are proud to provide homes that are carefully designed and constructed to offer best value for our buyers

QUALITY
We adhere to the highest possible standards of safety, quality and sustainability attainable within the affordable housing segment

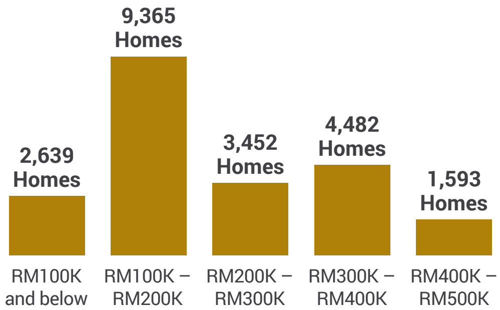
TOWARDS 50,000 UNITS OF AFFORDABLE HOMES BY 2028

As one of the nation's leading developers of affordable homes, Scientex has pledged to complete 50,000 units by 2028. Through our Vision 2028 initiative, we are proud to align our objectives with the government's initiatives to make home ownership a reality for more Malaysians, while continuing to meet our business objectives of doubling up every five years. Our property division has so far constructed more than 20,000 units of affordable homes priced below RM500,000 nationwide, of which more than 70% are priced below RM300,000.

Double storey terrace homes in Scientex Durian Tunggal, Melaka

Quality Homes Accessible To All

TOTAL AFFORDABLE HOMES COMPLETED
As at 31 July 2020
21,531 Homes



Scientex Pulai in Johor

Property Division: Business Process

Strategic Manoeuvres: Progressing Efficiently From Land Acquisition To Construction

Scientex employs a focused approach in ensuring optimal efficiency throughout all aspects of our development activities. We strive to ensure that value is maximised through quick development of land banks, cost-efficient and standardised design conceptualisation, effective launches and adept construction for timely delivery.

Description

Acquire land banks in strategic areas

Principal Activities

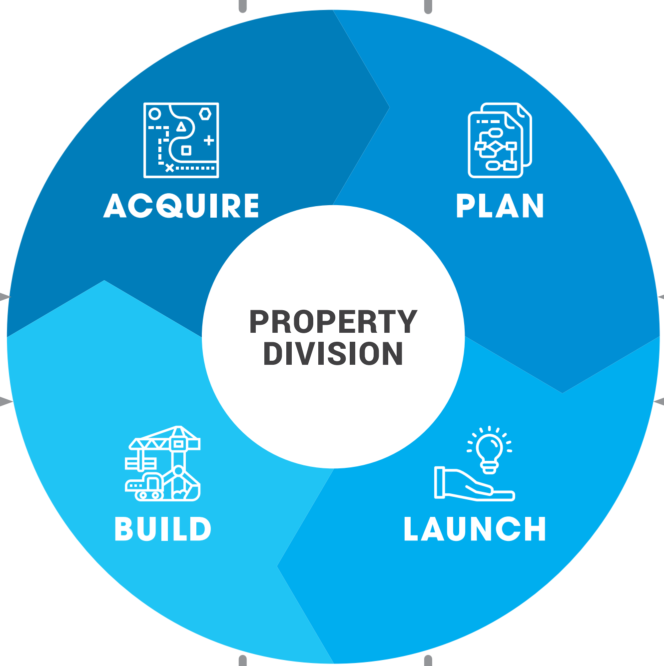
- Identify land banks suitable for affordable residential developments
- Acquire land banks at the right terms and cost

Description

Optimise developments from land planning to layout

Principal Activities

- Plan and conceptualise the property development to optimise land bank usage while providing a quality living environment for its residents
- Standardise house designs to ensure effective cost management while maintaining quality
- Delegate an experienced team familiar with regulatory procedures to obtain approvals from relevant authorities



Description

Build with efficient construction methods

Principal Activities

- Bulk purchase construction materials through centralised purchasing function
- Adopt efficient construction methods to meet handover timelines
- Continually enhance building standards with Industrialised Building System ("IBS")

Description

Promote and sell through established channels

Principal Activities

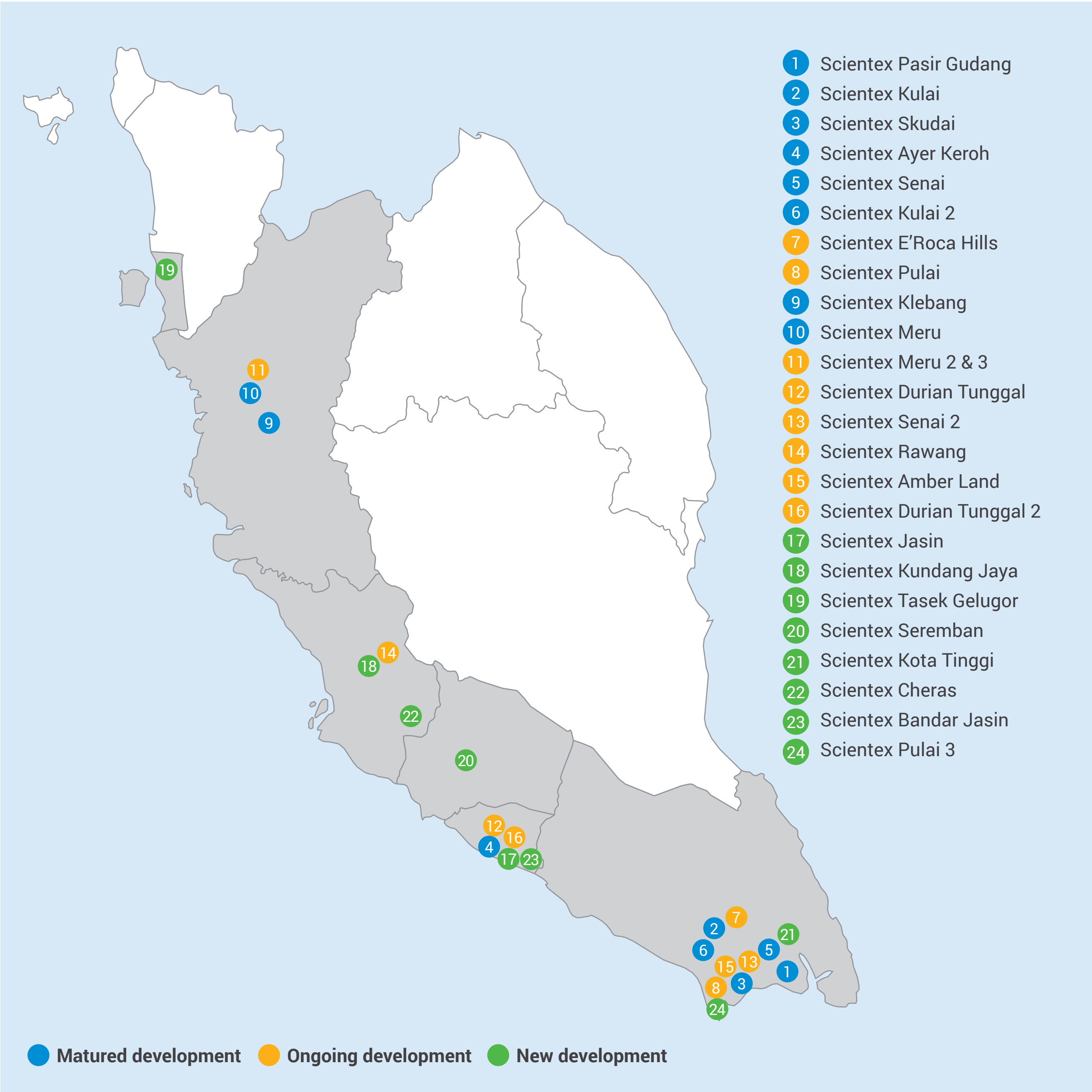
- Standardise operating procedures for launches
- Leverage upon media and government activities as well as digital media platforms and balloting to engage with a wide audience
- Build a brand that is seen as responsible and desirable

Property Division: Market Presence

Growing Our Presence Across Malaysia

No stone is left unturned in our quest to find the best land banks to invest in for future development. Our dedicated team undertakes research to uncover suitable locations where we may develop affordable home projects that provide a quality living environment for its residents.

From our initial foray in the Southern tip of the Peninsular in Johor, the Scientex property division has steadily expanded its presence with carefully curated new developments that have now extended our footprint through to Melaka, Negeri Sembilan, Selangor and Perak, along with burgeoning interests towards the north of Peninsular Malaysia in Penang.



Chairman's Statement

Staying The Course In Uncertain Times

Dear Fellow Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present our first Integrated Annual Report of Scientex Berhad (interchangeably referred to as "Scientex", the "Group" and/or the "Company") for the financial year ended 31 July 2020 ("FY2020").

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman and Non-Independent Non-Executive Director

It has been a year of unprecedented challenges, but the Group is pleased to report that Scientex continues to stay on course towards its vision, which is 'To Grow The Scientex Community for a Better Tomorrow' and 'To Double Up Every Five Years', and has performed credibly to enhance our position as a global player in the packaging sector and one of the top developers of affordable homes in Malaysia.

ENHANCING VALUE CREATION THROUGH INTEGRATED REPORTING

Our first Integrated Annual Report is written in accordance with the framework specified by the International Integrated Reporting Council ("IIRC").

This comprehensive and cohesive framework integrates our financial performance and market assessments together with our business objectives and strategies to better communicate our approach towards value creation, innovation and sustainable development to achieve long term growth.

Notwithstanding the unique set of challenges currently facing the global economy, our Integrated Annual Report 2020 will demonstrate that we remain steadfast in our drive towards expansion and will continue to leverage upon our strengths, capabilities and track record as we target continued growth into the future. As we grow further, we will continue to do good for society.

A PERFORMANCE ON TARGET TO DOUBLE UP

In FY2020, the Group saw robust performances from both our packaging and property divisions propelling us toward another consecutive year of record-setting financial performance. Revenue increased to RM3.5 billion, an 8.3% jump from RM3.2 billion in FY2019, while net profit rose to RM390.1 million, a 16.9% increase from last year's RM333.7 million.

Earnings per share rose 13.5% to 75.7 sen, compared to last year's 66.7 sen. Our fiscal position as at FY2020 remains strong with a net gearing level of 0.25 times, affording us sufficient financial latitude for expansion above and beyond our growth objectives.

DELIVERING HEALTHY SHAREHOLDER RETURNS

The Group declared a single tier interim dividend of 10 sen per ordinary share on 23 June 2020 paid on 24 July 2020.

The Board would like to further reward its shareholders with a proposed single tier final dividend of 13 sen per ordinary share to be approved at the coming Annual General Meeting.

In total, this would see a sum of RM118.8 million being paid out as dividends for the financial year just ended, representing approximately 30.4% of the Company's net profit, which reiterates our commitment to distribute at least 30% of annual net profit as dividends each year.

In recognition of our shareholders loyalty and continuous support, the Company had also proposed a bonus issue on the basis of two bonus shares for every existing Scientex share held and free warrants on the basis of one warrant for every five existing Scientex shares held, subject to shareholders' approval at the forthcoming Extraordinary General Meeting.

BROADENING OUR BUSINESS ACROSS BOTH DIVISIONS

As noted in last year's annual report, Scientex completed the RM125.0 million acquisition of Mega Printing & Packaging Sdn Bhd ("Mega") in August 2019, which saw Mega becoming a fully owned subsidiary of Daibochi Berhad ("Daibochi"), a company we had acquired six months earlier.

This calculated double acquisition of two reputable companies in the flexible plastic packaging ("FPP") industry has firmly established Scientex as a key domestic and regional player within the sector, while further developing our growth across the packaging value chain from plain films, base films all the way through to multi-layered flexible plastic packaging solutions.

Our synergistic expansion within the industry has enhanced our reputation as market frontrunners and forged new opportunities for Scientex to work in tandem with key global brand owners in the innovation and development of new and sustainable products.

The acquisitions, along with the execution of annual asset investment plans, has further served to bolster the Group's capacity and capabilities.

With our sights firmly set on building an increasing number of affordable homes each year, the Group's property division has continued its land bank expansion in strategic locations.

In FY2020, we completed the acquisitions for a total of 432 acres of development land, with sizeable additions both at our established base of Johor, as well as Selangor and Penang as we continue to enhance the Scientex brand as a leading national developer of affordable homes.

In line with our objective to complete 50,000 affordable homes by 2028, we have committed to purchase a further six parcels of land totaling 1,983 acres and target to complete the acquisitions in FY2021.

Read the full details of our expansion activities in the Operational Review from page 56 to 69.

MAINTAINING RESILIENCE DURING THE COVID-19 PANDEMIC

On behalf of Scientex, let me express our sincerest gratitude to the many brave and dedicated Malaysians that have acted and continue to act as frontliners in our war against this global pandemic.

As any responsible corporate citizen, we played our role in various ways to support frontliners and medical staff, while at the same time ensuring that we quickly established appropriate standard operating procedures ("SOPs") at all our offices, factories, construction sites and worker hostels.

Chairman's Statement

COMMUNITY SUPPORT DURING COVID-19 OUTBREAK

Donation of RM300,000 in support of clinical trials led by University Malaya Medical Centre in collaboration with Sungai Buloh Hospital, Kuala Lumpur Hospital and Tuanku Jaafar Hospital, Seremban.

Scientex answers urgent requests by Hospital UiTM Sg. Buloh, Hospital Ampang, Hospital Serdang and Hospital Tengku Ampuan Rahimah, Klang with **donation of customised plastic films for use of ward partitions.**

In partnership with the Ministry of International Trade and Industry ("MITI") and organised by Malaysian Plastics Manufacturers Association ("MPMA"), **Scientex donated 30,000 pieces of disposable medical 3-ply face masks to the Ministry of Health.**

Organised by MPMA and in partnership with MITI and several other companies, **Scientex donated RM100,000 towards the contribution of 100,000 head covers to our heroic medical frontliners.**

Donation of a total of RM70,000 for two community relief funds, namely Kerajaan Negeri Melaka and Tabung Bencana Negeri Johor.

Looking ahead, we will continue to adopt protective measures in line with evolving government SOPs along with enhanced best practices that we have initiated to ensure the safety of our employees, customers, suppliers and other stakeholders, while remaining vigilant towards such potential risks in future.

ENCOURAGING GROWTH PROSPECTS

The Group remains cautiously optimistic about growth opportunities within the global packaging sector as well as sustained demand from affordable housing in Malaysia, as summarised in our Market Review, Outlook and Trends on page 33 and page 34.

Aside from the economic impact of COVID-19, the Group remains cognisant of the ongoing global economic conflicts and geopolitical tensions, which may yet cause instability amongst international economies and supply chains, as well as on the developing global uncertainty in capital flows and the exchange rate volatility that may arise.

On a more fundamental note, the Group's packaging division will stay focused on its overall long-term strategy to enhance capacity and production efficiency whilst producing more sustainable and value-added products as part of our overall approach to remain competitive and grow consistently.

Within the property division, our prospects in the short-to-medium-term have been further enhanced through the introduction of several new initiatives of the Malaysian government as outlined in its budget announcement for 2020, many of which are geared towards facilitating home ownership within the affordable housing segment.

Additionally, Bank Negara's announcement in July 2020 of a further reduction in the Overnight Policy Rate to 1.75% will serve to not only help reduce the Group's borrowing costs for future land acquisitions, but also increase the accessibility of home loans for property buyers.

The Group remains steadfast in sustaining its progress within this sector by focusing on its core competency of building and delivering more affordable homes.

UPHOLDING GOOD CORPORATE GOVERNANCE

Scientex continues to take a proactive and comprehensive approach towards maintaining a robust risk management and internal control framework that addresses the significant strategic, financial, operational and compliance risks that could undermine our ability to achieve our business objectives.

Our Statement on Risk Management and Internal Control can be found on page 108 of Our Corporate Governance while a detailed report on our Risk Management Framework is available under our Management Discussion and Analysis section on page 45.

A COMMITMENT TO INSPIRING OUR PEOPLE

Retaining talent within Scientex is key to ensuring sustainable high-level performance for the Group and we remain committed to developing, empowering and upskilling our people's capabilities to create value for growth and motivating them to deliver on their potential. In line with our fundamental group strategy to 'Inspire Our People', the Group issued and allotted 615,400 new ordinary shares in December 2019 and a further 988,000 new ordinary shares in October 2020 to eligible employees of Scientex Berhad's group of companies pursuant to the Scientex Berhad Share Grant Plan.

During our recent acquisitions of Daibochi and Mega, we were further able to retain and welcome a new pool of diverse talents to the Group. Our growing talent pool across the packaging value chain and in the property sector allows us to undertake exercises that will enable knowledge and expertise transfer across our divisions and market segments.

DEDICATED TO ENHANCING SUSTAINABILITY

As part of this journey towards developing and enhancing sustainability, the Group has outlined an in-depth analysis of our material sustainability matters in the sustainability statement found in this report and pursuant thereto, I am indeed pleased to state that we are in support of the following United Nations Sustainable Development Goals.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our deepest gratitude to the Management helmed by Mr Lim Peng Jin as Managing Director/Chief Executive Officer, members of the Executive Committee, senior management and staff whose tireless dedication and professionalism have been beyond question. Their ability to rise to the challenge and surpass expectations by posting another year of record-breaking results despite facing increasingly challenging times speaks volumes for the team. The Board is confident that the future of the Group remains in good and steady hands.

The Board would also like to extend its sincere gratitude to its shareholders, business partners and customers for their long-standing support, cooperation and loyalty over the past decades. The Board and the Management will continue to strive to ensure that the interests of all stakeholders are duly addressed as we work towards a future of sustainable growth for the Group.

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman and Non-Independent Non-Executive Director

Pernyataan Pengerusi

Terus Komited dalam Keadaan Tidak Menentu

Para Pemegang Saham yang Dihormati,

Bagi pihak Lembaga Pengarah ("Lembaga"), saya dengan sukacitanya membentangkan Laporan Tahunan Bersepadu pertama Scientex Berhad (dirujuk secara bertukar ganti sebagai "Scientex", "Kumpulan" dan/atau "Syarikat") bagi tahun kewangan berakhir 31 Julai 2020 ("FY2020").

Tahun ini dipenuhi dengan cabaran yang tidak pernah berlaku sebelum ini, namun Kumpulan gembira untuk melaporkan bahawa Scientex akan terus komited untuk mencapai visinya, iaitu "Pemakmuran Komuniti Scientex untuk Masa Depan yang Lebih Baik" dan "Penggandaan Setiap Lima Tahun", dan telah menunjukkan prestasi yang meyakinkan bagi mengukuhkan kedudukan kami sebagai pemain global dalam sektor pembungkusan dan antara pemaju perumahan mampu milik yang terbaik di Malaysia.

MENINGKATKAN PENCIPTAAN NILAI MELALUI PELAPORAN BERSEPADU

Laporan Tahunan Bersepadu kami yang pertama ditulis menurut rangka kerja yang ditetapkan oleh Majlis Pelaporan Bersepadu Antarabangsa (International Integrated Reporting Council atau IIRC).

Rangka kerja yang komprehensif dan padu ini menggabungkan prestasi kewangan dan penilaian pasaran kami bersama dengan objektif dan strategi perniagaan untuk menyatakan dengan lebih baik berkenaan dengan pendekatan kami terhadap penciptaan nilai, inovasi dan pembangunan mampan bagi mencapai pertumbuhan jangka panjang.

Walaupun terdapat cabaran unik yang dihadapi oleh ekonomi global pada masa ini, Laporan Tahunan Bersepadu 2020 ini akan menunjukkan bahawa kami terus gigih dalam usaha untuk berkembang dan akan terus memanfaatkan kekuatan, keupayaan dan rekod pencapaian kami di samping menyasarkan pertumbuhan berterusan pada masa depan. Apabila kami semakin maju, kami akan terus memberikan manfaat kepada masyarakat.

PRESTASI YANG MENEPATI SASARAN UNTUK PENGGANDAAN

Pada FY2020, Kumpulan menyaksikan prestasi hebat daripada bahagian pembungkusan dan hartanah yang menyumbang kepada prestasi kewangan terbaik dalam sejarah selama dua tahun berturut-turut. Hasil meningkat kepada RM3.5 bilion, iaitu peningkatan sebanyak 8.3% daripada RM3.2 bilion pada FY2019, manakala keuntungan bersih meningkat kepada RM390.1 juta, iaitu peningkatan 16.9% daripada RM333.7 juta pada tahun lepas.

Pendapatan sesaham meningkat 13.5% kepada 75.7 sen, berbanding 66.7 sen pada tahun lepas. Kedudukan fiskal kami setakat FY2020 kekal kukuh dengan tahap penggearan bersih sebanyak 0.25 kali, dan memberikan kedudukan kewangan yang mencukupi untuk pengembangan perniagaan yang lebih besar daripada objektif pertumbuhan kami.

MEMBERIKAN PULANGAN YANG BAIK KEPADA PEMEGANG SAHAM

Kumpulan mengisytiharkan dividen interim satu tingkat sebanyak 10 sen sesaham biasa pada 23 Jun 2020 yang dibayar pada 24 Julai 2020.

Lembaga ingin memberikan ganjaran tambahan kepada pemegang sahamnya dengan cadangan dividen akhir satu tingkat sebanyak 13 sen sesaham biasa untuk diluluskan dalam Mesyuarat Agung Tahunan yang akan datang.

Secara keseluruhannya, sejumlah RM118.8 juta dibayar sebagai dividen bagi tahun kewangan yang baru berakhir, mewakili kira-kira 30.4% daripada keuntungan bersih Syarikat yang mengukuhkan lagi komitmen kami untuk mengagihkan sekurang-kurangnya 30% daripada keuntungan tahunannya sebagai dividen pada setiap tahun.

Sebagai tanda menghargai kesetiaan dan sokongan berterusan daripada pemegang saham kami, Syarikat juga mencadangkan terbitan bonus pada asas dua saham bonus bagi setiap saham Scientex sedia ada yang dipegang dan waran percuma berdasarkan satu waran bagi setiap lima saham Scientex sedia ada yang dipegang tertakluk kepada kelulusan pemegang saham dalam Mesyuarat Agung Luar Biasa yang akan datang.

MELUASKAN PERNIAGAAN KAMI MERENTASI DUA BAHAGIAN

Seperti yang dinyatakan dalam laporan tahunan untuk tahun lepas, Scientex menyempurnakan pemerolehan Mega Printing & Packaging Sdn Bhd ("Mega") dengan jumlah RM125.0 juta pada Ogos 2019. Langkah ini menjadikan Mega sebagai anak syarikat milik penuh Daibochi Berhad ("Daibochi"), syarikat yang telah kami peroleh enam bulan sebelumnya.

Pemerolehan terancang dua syarikat bereputasi baik dalam industri pembungkusan plastik fleksibel (FPP) ini mengukuhkan kedudukan Scientex sebagai pemain domestik dan serantau yang utama dalam sektor ini, di samping terus membangunkan pertumbuhan kami merentasi rantaian nilai pembungkusan daripada filem biasa (plain film), filem asas (base film) sehinggalah kepada penyelesaian pembungkusan plastik fleksibel pelbagai lapisan.

Pengembangan bersinergi dalam industri telah meningkatkan reputasi kami sebagai peneraju pasaran dan menyediakan peluang baharu kepada Scientex untuk bekerjasama dengan pemilik jenama global utama dalam inovasi dan penghasilan produk yang baharu dan mampan.

Pemerolehan ini, bersama dengan pelaksanaan pelan pelaburan aset tahunan, telah meningkatkan lagi kapasiti dan keupayaan Kumpulan.

Dengan tumpuan penuh pada pembinaan rumah mampu milik yang lebih banyak setiap tahun, bahagian hartanah Kumpulan terus memperluas bank tanahnya di lokasi strategik.

Pada FY2020, kami menyempurnakan pemerolehan tanah pembangunan seluas 432 ekar, dengan tambahan yang besar di pangkalan tetap kami di Johor serta di Selangor dan Pulau Pinang, serta terus menambah baik jenama Scientex sebagai peneraju pemaju perumahan mampu milik negara.

Selaras dengan objektif kami untuk menyiapkan 50,000 rumah mampu milik menjelang 2028, kami komited untuk membeli enam bidang tanah lagi berjumlah 1,983 ekar, dan menyasarkan penyempurnaan pemerolehan tersebut pada FY2021.

Baca butiran penuh aktiviti pengembangan perniagaan kami dalam Penilaian Prestasi Operasi dari halaman 56 hingga 69.

MENGEKALKAN KETAHANAN SEMASA PANDEMIK COVID-19

Bagi pihak Scientex, izinkan saya mengucapkan setinggi-tinggi penghargaan atas keberanian dan dedikasi rakyat Malaysia yang berkhidmat dan terus berkhidmat sebagai petugas barisan hadapan kita dalam peperangan menentang pandemik global ini.

Sebagai warga korporat yang bertanggungjawab, kami memainkan peranan dalam pelbagai cara untuk menyokong petugas barisan hadapan dan kakitangan perubatan, dan pada masa yang sama memastikan kami segera mewujudkan Prosedur Operasi Standard (SOPs) di semua pejabat, kilang, tapak pembinaan dan hostel pekerja kami.

Pada masa depan, kami akan terus melaksanakan langkah perlindungan selaras dengan SOPs kerajaan yang sentiasa mengalami perubahan, serta amalan terbaik dipertingkatkan yang telah kami mulakan bagi memastikan keselamatan pekerja, pelanggan dan pembekal kami serta pihak berkepentingan lain, sambil tetap berjaga-jaga terhadap risiko yang mungkin timbul pada masa depan.

PROSPEK PERTUMBUHAN YANG MENGGALAKKAN

Kumpulan masih optimistik dengan peluang pertumbuhan dalam sektor pembungkusan global dan juga permintaan berterusan daripada perumahan mampu milik di Malaysia, seperti yang diringkaskan dalam Penilaian Pasaran, Tinjauan dan Trend pada halaman 33 dan 34.

Selain kesan COVID-19 terhadap ekonomi, Kumpulan terus peka dengan konflik ekonomi global dan ketegangan geopolitik yang belum selesai, yang mungkin menyebabkan ketakstabilan dalam ekonomi antarabangsa dan rantaian bekalan, serta ketaktentuan global yang semakin meningkat dalam aliran tunai dan ketakstabilan kadar pertukaran yang mungkin timbul.

Lebih utama lagi, bahagian pembungkusan Kumpulan akan terus memberikan tumpuan kepada keseluruhan strategi jangka panjangnya untuk meningkatkan kapasiti, kecekapan pengeluaran di samping mengeluarkan produk yang lebih mampan dan bernilai tambah sebagai sebahagian daripada

SOKONGAN KOMUNITI SEMASA PENULARAN WABAK COVID-19

Scientex memenuhi permintaan segera Hospital UiTM Sg. Buloh, Hospital Ampang, Hospital Serdang dan Hospital Tengku Ampuan Rahimah, Klang dengan **mendermakan filem plastik khas untuk kegunaan pembahagi wad.**

Dengan kerjasama Kementerian Perdagangan Antarabangsa dan Industri (Ministry of International Trade and Industry atau MITI) dan di bawah anjuran Persatuan Pekilang Plastik Malaysia (Malaysian Plastics Manufacturers Association atau MPMA), **Scientex mendermakan sebanyak 30,000 keping pelitup muka perubatan 3 lapis pakai buang kepada Kementerian Kesihatan.**

Derma sebanyak RM300,000 untuk menyokong ujian klinikal yang diketuai oleh Pusat Perubatan Universiti Malaya dengan kerjasama Hospital Sungai Buloh, Hospital Kuala Lumpur dan Hospital Tuanku Jaafar, Seremban.

Di bawah anjuran MPMA dan dengan kerjasama MITI serta beberapa syarikat lain, **Scientex mendermakan RM100,000 untuk sumbangan 100,000 penutup kepala kepada wira barisan hadapan perubatan kita.**

Derma sebanyak RM70,000 kepada dua tabung bantuan komuniti, iaitu Kerajaan Negeri Melaka dan Tabung Bencana Negeri Johor.

Pernyataan Pengerusi

pendekatan keseluruhan kami untuk kekal berdaya saing dan berkembang dengan konsisten.

Dalam bahagian hartanah, prospek jangka pendek hingga sederhana kami ditingkatkan lagi melalui pengenalan beberapa inisiatif baharu kerajaan Malaysia seperti yang digariskan dalam pengumuman belanjawannya untuk 2020, yang kebanyakannya ditumpukan untuk memudahkan pemilikan rumah dalam segmen perumahan mampu milik.

Selain itu, pengumuman Bank Negara pada Julai 2020 tentang pengurangan lanjut Kadar Dasar Semalaman kepada 1.75% bukan sahaja akan membantu mengurangkan kos pinjaman Kumpulan bagi pemerolehan tanah pada masa depan, tetapi juga akan memudahkan pembeli hartanah membuat pinjaman perumahan.

Kumpulan terus gigih berusaha untuk mengekalkan kemajuannya dalam sektor ini melalui penumpuan pada kecekapan asasnya, iaitu membina dan menyediakan lebih banyak rumah mampu milik.

MENYOKONG TADBIR URUS KORPORAT YANG BAIK

Scientex terus mengambil pendekatan proaktif dan menyeluruh bagi mengekalkan pengurusan risiko yang mantap dan rangka kerja kawalan dalaman yang menangani risiko strategik, kewangan, operasi dan pematuhan utama yang boleh mengurangkan keupayaan kami untuk mencapai objektif perniagaan.

Pernyataan kami tentang Pengurusan Risiko dan Kawalan Dalaman boleh didapati pada halaman 108 di bawah bahagian Tadbir Urus Korporat Kami, manakala laporan terperinci tentang Rangka Kerja Pengurusan Risiko boleh didapati di bawah seksyen Perbincangan dan Analisis Pengurusan pada halaman 45.

KOMITMEN UNTUK MEMBERIKAN INSPIRASI KEPADA PEKERJA KAMI

Pengekalan bakat dalam Scientex ialah kunci dalam memastikan prestasi berperingkat tinggi yang mampan bagi Kumpulan dan kami kekal komited untuk membangunkan, memperkasa dan meningkatkan kemahiran pekerja kami dalam mencipta nilai pertumbuhan dan memotivasikan mereka untuk menunjukkan potensi masing-masing. Selaras dengan strategi asas kumpulan untuk ‘Menginspirasi Pekerja Kami’, Kumpulan menerbitkan dan menguntukkan 615,400 saham biasa baharu pada Disember 2019 dan tambahan 988,000 saham biasa baharu pada Oktober 2020 kepada pekerja kumpulan syarikat Scientex Berhad yang layak menurut Pelan Geran Saham Scientex Berhad.

Semasa pemerolehan Daibochi dan Mega baru-baru ini, kami terus berjaya mengekalkan dan menambah pekerja baharu dengan pelbagai bakat ke dalam Kumpulan. Kumpulan bakat kami yang semakin berkembang di seluruh rantaian nilai pembungkusan dan sektor hartanah membolehkan kami mengambil langkah yang akan membolehkan perkongsian pengetahuan dan kepakaran merentasi bahagian dan segmen pasaran kami.

DEDIKASI TERHADAP PENINGKATAN KEMAMPANAN

Sebagai sebahagian daripada usaha membangunkan dan meningkatkan kemampanan, Kumpulan telah membuat analisis mendalam terhadap kemampanan bahan kami dalam pernyataan kemampanan yang terdapat dalam laporan ini. Sehubungan itu, saya sangat gembira untuk menyatakan bahawa kami menyokong Matlamat Pembangunan Mampan Bangsa-Bangsa Bersatu.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin menyampaikan ucapan terima kasih kami yang tidak terhingga kepada Pengurusan yang diterajui oleh Encik Lim Peng Jin selaku Pengarah Urusan/Ketua Pegawai Eksekutif, ahli Jawatankuasa Eksekutif, pengurusan kanan dan kakitangan yang tidak pernah jemu menunjukkan dedikasi dan profesionalisme yang tidak boleh diragui lagi. Kemampuan mereka mengatasi cabaran dan melepasi jangkaan dengan mencatatkan satu lagi tahun dengan hasil terbaik dalam sejarah walaupun berdepan dengan masa yang sukar jelas menunjukkan kegigihan pasukan. Lembaga yakin masa depan Kumpulan akan terus berada di bawah pengurusan yang baik dan stabil.

Lembaga juga ingin mengucapkan terima kasih kepada para pemegang saham, rakan kongsi perniagaan dan pelanggannya atas sokongan, kerjasama dan kesetiaan yang diberikan sejak sekian lama sepanjang beberapa dekad yang lalu. Lembaga dan Pengurusan akan terus berusaha memastikan kepentingan semua pihak berkepentingan ditangani sewajarnya sambil kami berusaha mencapai pertumbuhan Kumpulan yang mampan pada masa depan.

Tan Sri Dato’ Mohd Sheriff Bin Mohd Kassim
Pengerusi dan Pengarah Bukan Bebas Bukan Eksekutif

主席报告书

我们在充满变数的时期，依然坚持不懈

各位股东，

我谨此非常荣幸的代表董事部，为大家汇报森德公司（简称森德、集团或公司）截至2020年7月31日财政年的第一份综合年度报告。

尽管过去一年出现史无前例的挑战，但森德公司依然朝着“建设更美好的森德社区”和“每五年翻倍”的宏愿前进。通过标青的业绩表现，提升公司在全球包装领域的地位，以及成为马来西亚可负担房产业的顶尖发展商之一。

通过综合报告增强价值创造

集团的第一份综合年度报告是根据国际综合报告委员会(IIRC)指定的框架而编写。

此项全面而聚合的框架，将我们的财务业绩表现和市场评估，与我们的业务目标和策略结合在一起，更好地体现出我们为了达致长期增长而致力于创造价值，创新和永续发展的方案。

尽管当前全球经济面临着一系列特殊的挑战，但我们的《2020年综合年度报告》将呈现出我们在实现扩展的过程中，依然保持坚定不移的态度。在我们瞄准未来的持续增长时，也继续善用我们的优势，能力和业绩记录。我们进一步发展的同时，也持续造福社会。

迈向业绩翻倍的目标

集团的包装和产业业务在2020财政年均取得强劲的业绩表现，连年创下业绩新高纪录。营业额增加至35亿令吉，比2019财政年的32亿令吉，高出8.3%。与此同时，净盈利按年成长了16.9%，从去年同期的3亿3370万令吉令吉，增长至3亿9010万令吉。

每股盈利从上个财政年的66.7仙，增长13.5%至75.7仙。森德截止2020财政年的财政状况依然强稳，净负债率为0.25倍。这比率为集团提供了足够的财务自由度，能够往超出预设的增长目标迈进。

稳健的股东回酬

集团在2020年6月23日宣布派发每股10仙的中期单层股息，有关股息已在2020年7月24日派发给股东。

董事部建议再派发每股13仙的终期单层股息回馈股东。有关终期股息的派发，有待即将来临的常年股东大会的通过。

总的来说，森德公司于刚结束的2020财政年的股息派发总额，达到1亿1千880万令吉，相等于集团约30.4%净盈利。再次凸显森德公司致力兑现派发最低30%年度净盈利给忠诚股东的承诺。

为了回馈忠诚股东的鼎力支持，森德公司建议以1送2红股以及5送1凭单比例，发行新股和免费凭单。有关的献议，也有待即将来临的特别股东大会的通过。

扩展包装与产业业务

如同去年常年报告所述，森德于2019年8月，以1亿2500万令吉，完成了收购美加印刷包装有限公司(Mega Printing & Packaging Sdn Bhd)的计划。后者继而成为比美加早六个月前收购的耐慕志(Daibochi Bhd)全权持有的子公司。

森德通过对这两家信誉良好的弹性塑料包装(FPP)公司的双重收购，奠定了国内与区域包装领域首要业者的地位。与此同时，也进一步扩大我们的包装价值链，从素面薄膜，基本薄膜到多层弹性包装方案的全面成长。

我们在领域中的协同扩展，经已提高了我们作为市场领导者的声誉，并为森德公司提供了与全球主要品牌业者，携手创新和发展新产品与可持续产品的崭新机会。

这些收购以及年度资产投资计划的落实，也推高了集团的产能和生产力。

产业业务方面，森德把焦点锁定在逐年增加可负担房产的建设。因此，集团继续在策略性地点扩张土地储备面积。

集团在2020财政年，完成了总共432英亩发展土地的收购计划。不管是森德的产业基地，即柔佛州，又或者是雪兰莪、槟城这些州属，土地面积都有相当大的增长，进一步提升森德品牌的知名度，成为国内可负担房产的领导者。

为了实现于2028年，完成50,000间可负担房产的目标，我们已购买另外六片总计1,983英亩的地皮，并计划在2021财政年，完成有关的收购。

有关集团扩展项目的详尽内容，请翻阅第56至69页的《营运绩效评估》

2019新冠肺炎疫情期间，保持业务弹性

我谨代表森德公司，向许多马来西亚前线人员表示由衷的感谢，感谢他们勇敢而敬业的对抗这场全球疫情。

如同任何尽责的企业公民，我们通过各种方式，为前线人员和医务人员提供支援。同时也确保我们迅速在所有办公室，工厂，建筑工地和员工宿舍，设立妥善的标准作业程序。

主席报告书

2019新冠肺炎疫情爆发期间的社区支援

森德公司响应了玛拉工艺大学双溪毛糯医院(UiTM Sg. Buloh)、安邦医院(Hospital Ampang)、沙登医院(Hospital Serdang)和巴生中央医院(Hospital Tengku Ampuan Rahimah, Klang)的紧急请求，**捐赠了用于间隔病房的定制塑料膜。**

森德公司通过马来西亚塑胶厂商公会(MPMA)主催，跟国际贸易与工业部(MITI)合作，**向卫生部捐赠了30,000片一次性3层医用口罩。**

捐赠30万令吉，资助由马来亚大学医学中心领导，并与双溪毛糯医院(Sungai Buloh Hospital)，吉隆坡中央医院(Kuala Lumpur Hospital)和芙蓉端姑查化医院(Hospital Tuanku Ja'afar)共同合作的临床试验。

通过马来西亚塑胶厂商公会(MPMA)主催，跟国际贸易与工业部(MITI)和其他多家公司合作，**森德公司捐献10万令吉，作为赠送10万个头部防护罩给我们英勇的前线医务人员的资助款项。**

捐赠总数7万令吉给两大社区救济基金，即马六甲政府和柔佛赈灾基金。

展望未来，我们将依据政府标准的作业程序，采取保护措施，并增强我们已经启动的最佳实践方案，以确保员工、客户、供应商和其他利益相关者的安全。与此同时，也会对未来出现此类潜在风险，保持警惕。

令人鼓舞的成长前景

正如我们在第33与34页的《市场评估，前景和趋势》中所概述的，集团对全球包装业领域的成长，以及马来西亚的可负担房产的持续需求，抱持谨慎乐观的态度。

除了新冠肺炎带来的经济影响外，集团意识到，持续中的全球经济冲突和地缘政治紧张局势，可能会导致国际经济体和供应链的不稳定，全球资本流动的不确定性和汇率的波动。

从更基本的层面来看，集团的包装业务将持续专注于整体的长期策略，以提高产能和生产效率。同时，生产更具可持续性和附加价值的产品，作为保持竞争力和持续增长的整体方案之一。

在房产业务方面，我们的中短期前景，也因马来西亚政府在2020年财政预算案中提呈的多项新举措而大有可为。当中许多措施，旨在致力促进可负担房产之居者有其屋的发展。

此外，国家银行在2020年7月宣布，将隔夜政策利率进一步降低至1.75%，不仅有助于降低集团用于未来收购土地的借贷成本，而且也提高了购屋者获取房贷的机会。

集团通过专注于建设和提供更多可负担房屋的核心能力，继续坚定地保持我们在产业领域的发展。

维持良好的企业监管

森德将继续采取积极主动和全面的方案，维持稳健的风险管理和内部监督框架，来处理可能阻碍我们实现业务目标能力的重大决策，财务规划，运营和合规风险。

有关风险管理和内部监督的声明，可参阅第108页的《我们的企业监管》；风险管理框架构的详细报告，则在第45页的《管理层讨论与分析》一一陈述。

激励人才

留住人才是确保集团可持续发展高绩效的关键因素。有鉴于此，我们将继续致力于发展，赋权和提高员工创造附加价值的能力，并激励他们发挥潜力。配合“激励人才”的基本策略，森德依据股权奖掖配给计划，分别在2019年12月和2020年10月，发行和配给61万5400股新普通股，以及98万8000股新普通股，给集团旗下符合资格的员工。

森德在近期收购耐慕志和美加印刷包装的过程中，得以进一步保留和接引一批新的多元人才加入集团。我们在包装价值链和房地产领域中，不断增长的人才库，有助于森德在旗下各个部门和市场领域，进行知识和专业技术转移。

致力提升永续经营

作为发展和提升永续经营的部分努力，集团在本报告书的《永续经营》声明中，对实际性可持续发展事项，提供了深入的分析。我也据此乐意告知，森德公司支持遵循联合国可持续发展目标。

感谢篇

我谨代表董事部，至诚感谢由董事经理/首席执行员，林炳仁先生带领的管理层、执行委员、高级主管以及员工，他们孜孜不倦的奉献精神和专业素养，已毋庸置疑。尽管面临严峻的挑战，他们仍然可以突破重围，并且超越预期的，在本财政年再度捎来创新高的业绩表现，证明了团队的实力非凡。董事部深信，已把森德交托给值得信任的团队手里，并对集团的未来，充满信心。

董事部也要由衷的感谢我们的股东、生意伙伴與客户。感谢各造在过去数十年，坚定不移的支持、配合与忠诚。在集团致力走向永续成长的同时，董事部和管理层会继续努力确保所有股东都获得可持续性的回酬。

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
主席兼非独立非执行董事

Leadership - Board of Directors

Scientex Berhad Board Of Directors

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

Chairman and Non-Independent Non-Executive Director

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, a Malaysian, male, aged 81, is a Non-Independent Non-Executive Director and Chairman of the Company. He was appointed to the Board as Independent Non-Executive Chairman on 20 June 2003 and was re-designated as Non-Independent Non-Executive Chairman on 22 March 2018. He is also a member of the Board's Nomination and Remuneration Committee.

Tan Sri Dato' Mohd Sheriff graduated with a Bachelor of Arts (Honours) Economics degree from University of Malaya in 1963 and a Diploma in Economic Development from Oxford University, United Kingdom in 1969. He graduated with a Master of Arts in Economics from Vanderbilt University, USA in 1974.

He served as the Secretary General of Treasury, Ministry of Finance for three years from 1991 to 1994 and as Managing Director of Khazanah Nasional Berhad for nine years from 1994 to 2003. He was a former Director of United Engineers (Malaysia) Berhad, RHB Bank Berhad and former Chairman of Renong Berhad, Projek Penyelenggaraan Lebuhraya Berhad, PLUS Expressways Berhad, PLUS Malaysia Berhad, Malaysian Institute of Economic Research, Manulife Holdings Berhad, Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad. He was also a former President of the Malaysian Economic Association.

He sits on the Board of Trustees of Yayasan UEM. He is also a Non-Executive Chairman of Warisan Pinang Sdn Bhd, a property development company.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

LIM PENG JIN

Managing Director/Chief Executive Officer

Lim Peng Jin, a Malaysian, male, aged 53, is currently the Managing Director/Chief Executive Officer ("MD/CEO") of the Company. He was appointed to the Board on 20 January 1995 as the Group Executive Director and subsequently as Managing Director on 6 November 2001. He is also a member of the Board's Risk Management Committee.

Lim Peng Jin graduated with a Bachelor of Science (Honours) in Chemical Engineering from the University of Tokyo, Japan in 1990. He began his career in the chemical industry in Japan before joining the Company in 1991. He had also completed a course in Programme Management Development at Harvard University, USA in 1998. He has local and international working experiences in the fields of polymer and chemicals during the early years of his career and is very hands-on in the businesses of the Scientex Berhad Group of Companies involving the packaging, property, polymer and chemicals industries for the past 20 years. The success of the Group owes much to his extensive involvement in its operations and management.

He is the brother of Lim Peng Cheong, who is also a Director and major shareholder of Scientex Berhad. He has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Leadership – Board of Directors

LIM PENG CHEONG

Non-Independent Non-Executive Director

Lim Peng Cheong, a Malaysian, male, aged 58, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board as an Executive Director on 9 September 1988, and has held this position until 10 November 2003, when he was re-designated as Non-Executive Director. He graduated with a Bachelor of Science (Honours) in Business Studies from City University, London, UK in June 1984. He is currently the Managing Director of Malacca Securities Sdn Bhd.

He is the brother of Lim Peng Jin, who is also a Director and major shareholder of Scientex Berhad. He has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

WONG CHIN MUN

Independent Non-Executive Director

Wong Chin Mun, a Malaysian, male, aged 76, is an Independent Non-Executive Director of the Company. He was appointed to the Board as a Non-Executive Director on 6 October 2017. He is also the Chairman of the Board's Audit Committee and a member of the Nomination and Remuneration Committee.

Wong Chin Mun received the Teacher's Certificate from the Ministry of Education of Malaysia in 1966 and graduated with Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree from Curtin University, Western Australia in 1972 and 1974 respectively. He is a Fellow of the Australian Society of Certified Practising Accountants as well as associate members of the Institute of Chartered Secretaries and Administrators, UK and the Malaysian Institute of Accountants.

Wong Chin Mun worked as the Financial Controller/Company Secretary in Yeo Hiap Seng Bhd from 1974 to 1975. He then joined Nylex (Malaysia) Berhad ("Nylex") as the Financial Controller/Company Secretary in 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and left Nylex at the end of June 1994 to found TEC Asia Centre (now known as Vistage Malaysia Sdn Bhd), an international organisation which aims to help chief executive officers and entrepreneurs to manage change and grow their businesses. He had served on the National Export Council under the Ministry of International Trade & Industry ("MITI") from 1989 to 1992 and was appointed to the National Branding Taskforce of MITI from 2006 to 2009. He also served on the Board of Trustees of the Malaysian Rubber Export Promotion Council from 2000 to 2002 and as the Senior Independent Non-Executive Director of Sunway Berhad from 2011 to 2020. Currently, Mr Wong is the Independent Non-Executive Director of Khind Holdings Berhad. He has served on the Board of Trustees of Scientex Foundation since 2008.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Leadership – Board of Directors

DATO' NOORIZAH BINTI HJ ABD HAMID

Independent Non-Executive Director

Dato' Noorizah Binti Hj Abd Hamid, a Malaysian, female, aged 60, is an Independent Non-Executive Director of the Company. She was appointed to the Board as a Non-Executive Director on 7 November 2016. She is also the Chairperson of the Board's Risk Management Committee and a member of the Board's Audit Committee.

Dato' Noorizah Binti Hj Abd Hamid graduated with a Diploma in Accountancy from MARA Institute of Technology in 1980, a Bachelor of Science Degree in Business Administration (Finance) and a Masters Degree in Business Administration (Finance and Management) from Central Michigan University, USA in 1982 and 1984 respectively.

Dato' Noorizah Binti Hj Abd Hamid was the former Independent Non-Executive Director of Amanah Mutual Berhad, Maybank Islamic Asset Management Sdn Bhd and PT Lintas Marga Sedaya, a subsidiary of PLUS Expressways International Berhad ("PEIB"). She was also a former Non-Executive Chairperson and Managing Director/Chief Executive Officer of PEIB, former Managing Director of PLUS Malaysia Berhad and PLUS Expressways Berhad. Presently, she sits on the Board of Directors of Mass Rapid Transit Corporation Sdn Bhd, which is wholly-owned by Minister of Finance Incorporated Malaysia, PNB Merdeka Venture Sdn Bhd, Land & General Berhad and Petron Malaysia Refining & Marketing Berhad.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2020.

ANG KIM SWEE

Independent Non-Executive Director

Ang Kim Swee, a Malaysian, male, aged 62, is an Independent Non-Executive Director. He was appointed to the Board on 17 December 2014. He is also the Chairman of the Board's Nomination and Remuneration Committee and a member of the Board's Audit Committee and Risk Management Committee.

Ang Kim Swee graduated with a Diploma in Accounting and Costing. He is a Registered Financial Planner, a Chartered Financial Consultant registered with The Malaysian Insurance Institute, an Audit Committee Member of The Institute of Internal Auditors Malaysia as well as a Qualified Risk Director with the Institute of Enterprise Risk Practitioners. He has also attended the Premier Business Management Program organised by Harvard Club of Malaysia in 2015. He has more than 30 years of working experience in the areas of finance, costing, information technology systems and administration. He is a pioneer of Meditop Corporation (M) Sdn Bhd since 1990 and presently, he is the General Manager (Finance) primarily responsible for the management of financial affairs of the company.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Leadership - Key Management

Key Management

The Key Management consists of Mr Lim Peng Jin, Managing Director/Chief Executive Officer of Scientex Berhad whose profile is listed in the profile of the Board of Directors set out on page 27 of this Integrated Annual Report, and the following persons:-

CHOO SENG HONG

Chief Operating Officer - Packaging Business

Choo Seng Hong, a Malaysian, male, aged 52, graduated with a Bachelor of Accountancy from Universiti Putra Malaysia in 1993 and is also a member of the Malaysian Institute of Accountants. He was formerly the Finance and Administration Manager of Scientex. Currently, he holds various senior positions in the Company's subsidiaries. Prior to joining Scientex in 1997, he was attached to KPMG from 1993 to 1997 and has experience in the fields of banking, oil and gas and manufacturing. He was appointed as the Executive Director of Scientex's packaging business on 1 March 2003 and presently, is the Chief Operating Officer ("COO") of packaging division.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

KHAW GIET THYE

Chief Operating Officer - Property Business

Khaw Giet Thye, a Malaysian, male, aged 52, joined Scientex's property business in 1996. Starting off as a project manager in Scientex's subsidiary, Scientex Quatari Sdn Bhd, he was promoted to General Manager on 1 February 2004 and subsequently, as Executive Director of Scientex's property business on 1 August 2013 and presently, is the Chief Operating Officer of property business. He graduated from Universiti Sains Malaysia with a Degree in Housing, Building & Planning and has over 25 years of experience in construction and property development.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

KOAY TEIK CHUAN

Executive Director - Property Business

Koay Teik Chuan, a Malaysian, male, aged 60, joined Scientex in 1997. During the early stages, he was involved in the construction and development of Scientex's flagship development in Johor. Prior to joining Scientex, he was handling various construction projects in different parts of the country. He was appointed as the Executive Director ("ED") of Scientex's property business on 1 November 2009. He received his higher education from the Institut Teknoloji Butterworth in 1978 and has more than 30 years of experience in various aspects of construction and property development including township projects.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Leadership – Key Management

GAN KOK KHYE

Executive Director – Packaging Business

Gan Kok Khye, a Malaysian, male, aged 58, graduated from North East London Polytechnic, London in 1985 with a Bachelor of Arts (Honours) in Business Studies. He joined Scientex Group in 1988 and has since then held various management positions in the subsidiaries of the Company. He was appointed as an Executive Director of the Group's subsidiary, Scientex Packaging Film Sdn Bhd, as well as the Executive Director of Scientex's packaging business in 2002. For a period from year 2016 to year 2018, he was assigned to oversee the corporate affairs of the Group. Presently, he is the Executive Director of the packaging division.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

JESSELYN CHANG SIEW SIAN

Executive Director – Corporate Planning

Jesselyn Chang Siew Sian, a Malaysian, female, aged 48, is an accountant by profession. She graduated from University of Malaya with a Bachelor Degree in Accounting. She is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. She joined Scientex Berhad in 2002 as Corporate Finance Manager and was subsequently promoted to Group Financial Controller on 15 May 2003. She was appointed as the Executive Director overseeing corporate planning of the Group since 2014. She completed the Advanced Management Program in Harvard Business School in 2015.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2020.

GOH TIAN CHIN

Executive Director – Packaging Business

Goh Tian Chin, a Malaysian, male, aged 55, joined Scientex Polymer Sdn Bhd in September 1995 as Assistant Production Manager. He was promoted to General Manager in February 2001 and since 1 July 2010, he has assumed the responsibilities of Senior General Manager for the stretch film business. He is a graduate of Universiti Sains Malaysia with a Bachelor's Degree in Technology and has more than 20 years of experience in the polymer industry. Presently, he is the Executive Director of the packaging division.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Leadership – Key Management

PHANG YUEN KHANG

Sales and Marketing Director – Property Business

Phang Yuen Khang, a Malaysian, male, aged 39, joined Scientex's property division in 2010 as Sales & Marketing Manager. He was promoted to Sales & Marketing General Manager in August 2017 and subsequently, as Sales & Marketing Director of Scientex's property division in February 2020. He graduated from La Trobe University, Australia with a Bachelor of Business in Marketing and has more than 15 years of experience in marketing and property development.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

TAN HONG KOON

General Manager – Corporate Planning

Tan Hong Koon, a Malaysian, female, aged 42, is an accountant by profession. She has more than a decade of local and international experience in the field of auditing and accounting. She graduated from University of Melbourne with a Bachelor Degree in Accounting & Finance. She is a member of the Chartered Accountants of Australia and New Zealand. She joined Scientex Berhad in 2003 and was appointed as Senior Financial Manager in January 2009. She was promoted to Group Financial Controller of Scientex Berhad in October 2014 and held this position until November 2017. Presently, she is the General Manager of Corporate Planning since January 2019.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2020.

PHANG CHI MING

Legal & Corporate Affairs Manager

Phang Chi Ming, a Malaysian, male, aged 55, graduated from the National University of Singapore in 1989 with a Bachelor of Laws (Honours) degree. He has been in legal practice since 1990 and obtained his Master of Laws from University of Malaya in 1996. He has various experience in commercial and corporate work as well as litigation. He was appointed as the Legal & Corporate Affairs Manager of Scientex Berhad since January 2008.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2020.

Strategic Review

Market Review, Outlook and Trends - Packaging

An Optimistic Forecast For The Global Plastic Packaging Market

As one of the world's largest producers of industrial stretch film, Scientex has established a global presence in the manufacturing of flexible plastic packaging. This has been further reinforced by the Group's acquisition and construction of manufacturing plants in Malaysia, Vietnam, Myanmar and the United States of America. Our growing physical presence across key global markets has enabled us more efficient access to demand pockets in both hemispheres and placed us in a prime position to capitalise on the growing vitality and positive outlook within the global flexible plastic packaging markets.

The International Monetary Fund in its World Economic Outlook Update in October 2020, estimates that the global economy would register GDP growth of 5.2% in 2021. The recovery is expected to be gradual with global GDP forecasted to just exceed 2019 levels amidst uncertainties faced worldwide in light of the ongoing COVID-19 pandemic.

Looking at the global market for plastic packaging as a whole, resilient growth is expected to continue, driven by growing demand from the food and beverage, personal care, household care, and healthcare industries as well as consumer demand for packaged food and single serve containers. Concurrently, growing awareness about environmental pollution is accelerating a shift towards sustainable and recyclable plastic packaging solutions among producers, and our continued efforts in this direction, including the down-gauging of films to reduce film usage per wrap, and our status as the "first mover" in Malaysia to launch mono-material laminate packaging, which allows for the recycling of previously unrecyclable packaging, bodes well for our continued growth.

The Group's established foothold and strong presence in the flexible plastic packaging market, and its focused approach towards innovation and value-added products in recent years further places us in good stead in the event of potential shifts in global trends or outlooks. Our interests across the flexible plastic packaging value chain along with strategic acquisitions of businesses enables us to react swiftly to market conditions.

In totality, we perceive a market for flexible plastic packaging that:

- **is driven by consumer demand that is expected to grow as affluence and disposable incomes increase in fast developing markets in Asia Pacific**
- **is evolving due to increased demand for sustainable and recyclable plastic packaging solutions** *(refer to 'Key Risks and Mitigation' on page 47)*
- **emphasises hygiene and safety as a result of the COVID-19 pandemic and its anticipated long-term effects** *(refer to 'Key Risks and Mitigation' on page 47)*
- **is driven by demand from the food and beverage industry while catering to diverse applications, industrial packaging and consumer goods packaging as a whole**

Market Review, Outlook and Trends - Property

An Outlook Of Sustained Demand For Affordable Housing In Malaysia

The continued expansion of the Group's property division leverages upon the dynamics of supply and demand in the Malaysian domestic housing market. The construction of high-end homes in past decades continues to expose a vast gap in the sector between such high-end homes and affordably priced homes attainable by the middle to lower income segments.

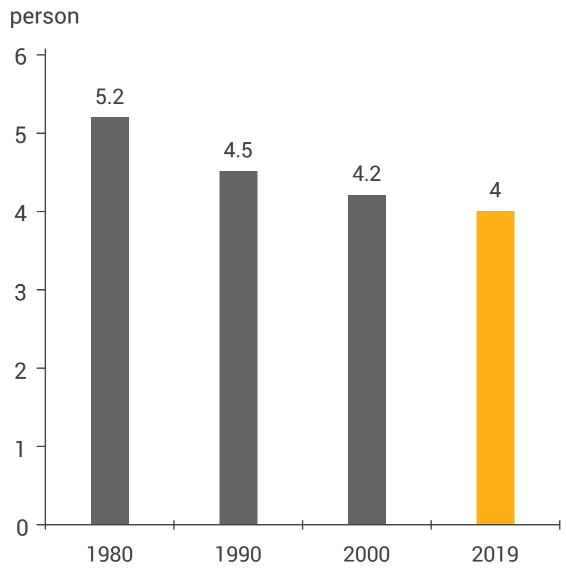
Scientex is focused on developing affordable yet quality homes that not only serve to alleviate the despair of middle to lower income Malaysians but also enables us to cater to the strong demand in this sector.

At a fundamental level, volume of demand for housing is driven by two long term trends which have been observed in Malaysia over the past few decades - the increasing size of the working population and the shrinking average size of families.

Since 1980, the average family size has decreased from 5.2 to 4 individuals, due in large part to the continued long-term trend of urbanisation. This means that, compared to an average of 192 households per 1,000 people in 1980, there are now 250 households per 1,000 people.

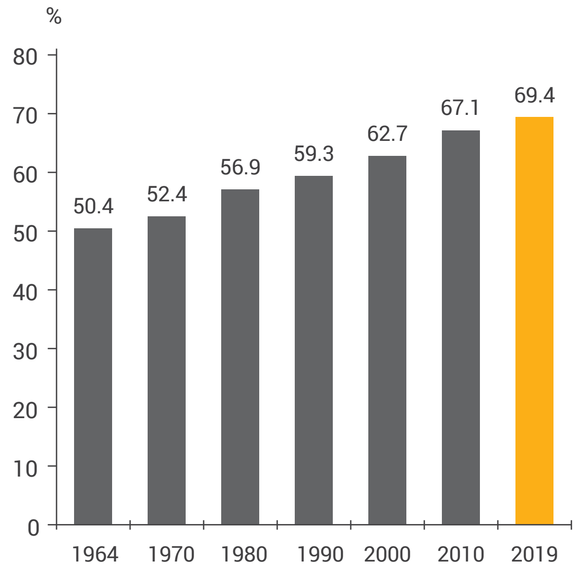
In addition, the proportion of the national population categorised by being within "working age" (i.e. 15-64 years old) has increased significantly (from 50.4% in 1964 to 69.4% in 2019). In combination, these two trends have a direct positive effect on demand for housing at the national level.

Average Family Size in Malaysia



Source: National Property Information Centre

Proportion of the Malaysian Population Aged 15-64



Source: Malaysian Statistics Department

Market Review, Outlook and Trends - Property

TRENDS THAT IDENTIFY THE NEED FOR MORE AFFORDABLE RESIDENTIAL PROPERTIES

According to the National Property Information Centre, the average price of properties transacted in Malaysia has almost doubled from RM217,857 in 2010 to RM426,155 in 2019. In contrast, incomes have not grown as fast and hence the issue of housing affordability has become a challenge for policymakers. Accordingly, there is a substantial need for truly affordable property in the Malaysian market that caters to the needs of potential buyers who have been priced out of purchasing a home.

Further evidence of the unaffordability of residential properties is provided by way of comparing the Median Multiple of the Malaysian residential property market over time and across regions. Also known as the house price-to-income ratio, the Median Multiple is defined as the ratio of median prices in the housing market to the median gross annual household income. Studies by the United Nations Centre for Human Settlements and World Bank determined that the global norm for affordability was a ratio of 3.0, signalling a well-functioning housing market where supply is elastic to demand.

According to the most recent published statistics in 2016, Malaysia's Median Multiple stands at 4.8, indicating housing that is "seriously unaffordable". This figure places Malaysia alongside developed nations such as the United Kingdom (4.6), Canada (4.3) and Singapore (4.8) in this measure.

PROACTIVE EARMARKING OF LAND BANKS FOR FUTURE DEVELOPMENT

The Group's continued land bank expansion across multiple states is a reflection of ongoing monitoring of these long-term demographic and property market-specific trends, which collectively indicate sustained demand for affordable properties and our efforts to reach a wider spectrum of the Malaysian populace.

Expansion efforts are further aided by the lowering of the Overnight Policy Rate to 1.75% in July 2020, which is designed to help stimulate consumer demand by enabling cheaper borrowings, while simultaneously lowering the Group's borrowing costs to fund new land bank purchases.

SUPPORTING GOVERNMENT EFFORTS TO PROVIDE AFFORDABLE HOUSING

Furthermore, the Malaysian Government has placed particular emphasis on assisting prospective home buyers in its 2020 Malaysia budget, with schemes designed to facilitate first time home buyers who generally fall towards the lower end of the property price spectrum. Coupled with low interest rates, the Group expects to see a pickup in demand in the affordable housing segment driven by affordable loans and incentives offered under the 2020 budget.

Rumah Mampu Biaya Type C in Scientex Pulai, Johor

Value Creation Business Model

Our Value Creation Business Model

INPUTS

FINANCIAL CAPITAL
- Strong net operating cash flow
- Strong financial position

MANUFACTURED CAPITAL
- Efficient machinery at strategic locations (19 factories)
- 3,724 acres of competitively priced land banks

INTELLECTUAL CAPITAL
- Product brands (SCIENTEX & AVANTI) and technical centers
- Customised Enterprise Resource Planning ("ERP") system including SAP
- Ingrained systematic processes and procedures
- Scientex's brand reputation in affordable homes in Johor and Melaka as a leading developer

HUMAN CAPITAL
- Diverse pool of talent (3,913 employees across the globe, led by the Executive Committee ("EXCO"))

SOCIAL AND RELATIONSHIP CAPITAL
- Strong and effective relationships with key stakeholders, namely customers, suppliers, employees, shareholders and local authorities in respective countries of operation

DRIVERS OF GROWTH

CAPACITY
Increasing production capacity and sales volume

EFFICIENCY
Improving production and construction efficiencies

PRODUCT VALUE
Enhancing the value of our products to the customers

BUSINESS PROCESSES

PACKAGING

DEVELOP	PROCURE	PRODUCE	SELL
Develop capacity and capabilities	Purchase raw materials	Produce with efficiency	Sell to an expanding market base

MATERIAL MATTERS

- PRODUCT INNOVATION
- PRODUCT RELIABILITY
- EXPANSION
- TALENT ATTRACTION & RETENTION
- COMMUNITY IMPACT & DEVELOPMENT

GROUP FUNDAMENTAL STRATEGIES

INVEST IN GROWTH

The unique Scientex business model is designed to reflect our objective of creating value over short, medium and long term. Well established business processes in both the packaging and property divisions provide a sound basis for the achievement of yearly goals and objectives, where the process of value creation is expressed horizontally through the X axis.

Simultaneously, we place continual focus on refining and improving these processes with three key drivers of growth in mind - capacity, efficiency and product value - that collectively empower us to achieve our vision. This process of medium to long-term value creation is expressed vertically through the Y axis.

VISION

TO GROW THE SCIENTEX COMMUNITY FOR A BETTER TOMORROW

TO DOUBLE UP EVERY FIVE YEARS

BUSINESS PROCESSES

PROPERTY

ACQUIRE	PLAN	LAUNCH	BUILD
Acquire land banks in strategic areas	Planning to optimise developments	Promote and sell through established channels	Build with efficient construction methods

RISKS

- ENVIRONMENTAL ISSUES
- COVID-19 PANDEMIC
- AVAILABILITY OF HUMAN WORKFORCE & AUTOMATION
- CYBERSECURITY
- COST & SUPPLY OF RAW MATERIALS
- FOREIGN CURRENCY EXCHANGE RATE FLUCTUATION
- COMPLIANCE

GROW ECONOMIC ENGINE

INSPIRE OUR PEOPLE

OUTPUTS AND OUTCOMES

FINANCIAL CAPITAL

- Revenue of RM3.5 billion
- Net profit of RM390.1 million
- Earnings per share of 75.7 sen
- Net operating cash flow generated of RM715.3 million
- Net gearing ratio of 0.25 times
- Consistently healthy financial position
- Consistent growth and long term value through capital appreciation and sustained dividend payout

MANUFACTURED CAPITAL

- 295,000 MT of packaging products sold
- 18 new extrusion and converting machines commissioned
- 432 acres of land bank acquisitions completed
- 2,988 units of affordable homes completed
- Expansion of presence from Johor and Melaka to Central Region (Perak, Selangor and Negeri Sembilan) and Northern Region (Penang) to make affordable home ownership a reality for individuals and families in the country

INTELLECTUAL CAPITAL

- Minimised impact on the environment through participation in the plastic circular economy:
  - Collaboration with customers to innovate 100% recyclable packaging solutions
  - Down gauging of film to reduce film usage per wrap whilst maintaining performance
  - Investment in new machineries which are more efficient and reduce wastage
  - Being the first mover in launching mono-material laminate packaging in Malaysia
- Innovative packaging solutions that provide:
  - Reduction of food wastage by preserving shelf life
  - Protection in transit and storage
  - Convenience

HUMAN CAPITAL

- 8.4% employee turnover rate
- 18,387 training hours in FY2020
- Attraction and retention of skilled and competent work force with:
  - Enhanced career progression
  - Effective reward system
  - High standards in health and safety

SOCIAL AND RELATIONSHIP CAPITAL

- Development of affordable homes, townships and communities for Malaysian families and to support government policy
- Contribution to the community through sustained job creation and contributions to government aims and objectives
- Contributions to the economy through foreign currency receipts from exports
- Joint MPMA initiatives that promote recycling, sustainable consumption and environmental awareness

Drivers of Growth

A Dedicated Approach To Driving Growth

Our streamlined focus on our three drivers of growth has guided the adoption of strategies, technologies and processes that we have implemented across the Group. These approaches are detailed below in the context of the driver of growth they aid, which in turn enables us to move closer to our vision.

VISION

TO DOUBLE UP EVERY FIVE YEARS

CAPACITY

Aim: Increasing production capacity and sales volume

- Strategic investment in mergers and acquisitions to access new markets
- Strategic investment in new machinery with enhanced technology to increase capacity and efficiency
- Divestment of non-performing assets, coupled with reinvestment into high growth areas

EFFICIENCY

Aim: Improving production/ construction efficiencies

- Standardisation of processes for increased efficiency of production, including adoption of centralised purchasing function for greater economies of scale, and effective factory layout and production planning
- Adoption of production technology including automation for packaging division and IBS for property division, in addition to the adoption of customised ERP systems
- Proven staff attraction and retention schemes that empower growth in human capital

PRODUCT VALUE

Aim: Enhancing the value of our products to our customers

- Continual monitoring of consumer trends to drive product innovation
- Collaboration with customers in the packaging division to develop new and innovative products
- Continual enhancement of capabilities in the form of new and/or improved production methods and processes which are developed internally or through strategic acquisitions
- Adoption of digital technology for sales, customer outreach, lead generation and conversion
- Clear focus on developing affordable homes to serve lower to middle-income groups, with a goal to complete 50,000 affordable homes by 2028

Key Stakeholder Engagement

Valuing Those That Bring Us Value

Engaging constructively with our stakeholders is key to our ability to enhance capacity, efficiency and product value. Our aim in these engagements is to continuously strengthen relationships based on mutual trust and interest.

Stakeholder	Why We Engage	How We Engage	How We Address Their Expectations
Customers	End consumers drive long term trends in both our packaging and property divisions. An in-depth understanding of consumer demand allows us to execute strategic acquisitions that enhance our in-house capabilities and provide access to improved product value	• Customer feedback • Social media engagement • Working with customers as part of the product development process	<u>Packaging Division</u> • Collaboration with customers to develop new products based on specific needs • Effective communication between customers, technical personnel and sales personnel <u>Property Division</u> • Continuous efforts to drive down cost of construction • Highlighting of latest launches, events and promotions on development projects via mainstream and digital channels
Suppliers	Our suppliers are crucial to ensure stable supply of raw materials and a gateway to innovative technology and efficient processes	• Attendance at technical seminars organised by suppliers • Regular supplier meetings and online/ offline communication • Site visits • Exhibitions and trade fairs	<u>Raw material and machinery suppliers</u> • Proactive and regular supplier meetings to enable effective inventory planning and cost efficiency • Site visits and periodic communication with suppliers for better understanding of requirements, technical specifications and new technologies <u>Sub-contractors and construction material suppliers</u> • Organising of regular meetings to discuss schedule of construction and exchange information on material demand forecasts • Regular performance reviews to enhance quality of goods and services delivered
Investors and Shareholders	Our investors and shareholders provide the capital base for our expansion. Through transparency and openness, we aim to engender increased trust in our strategies with focus on long term value creation	• General meetings • Scientex Integrated Annual Report • Investor relations engagements • Scientex website	• Implementation of integrated reporting to communicate, inter alia company goals, strategic direction, sustainability efforts and governance policy concisely to shareholders with focus on long term value creation • Engagement of an external investor relations team, in addition to an in-house investor relations team, to manage communication with shareholders and investors through press conferences, press releases, interviews, periodic investor relations presentations and general meetings • Establishment of a dividend policy

Key Stakeholder Engagement

Stakeholder	Why We Engage	How We Engage	How We Address Their Expectations
Employees 	Our continued success is based on incremental improvements to our existing processes. By listening to and understanding our employees, we are better placed to retain and reward talent, and build a workforce that has an intimate knowledge of the subtleties of the industries in which we operate	• Quarterly Rolling Budget ("QRB") • Employee performance appraisals • Employee engagement events • Team building activities • Regular meetings	• Communicate company goals and targets through: - Monthly management meetings - Half yearly QRB dialogues - Monthly EXCO meetings • Regular communication through corporate and event videos, notice boards, bulletins and online portals • Preparation of QRB to keep targets relevant and aligned with the Group's vision • Alignment of company goals and employee reward system • Introduction of a share grant scheme to employees to motivate employees towards long-term value creation • Providing a stable career with good advancement opportunities and benefits, in a safe and conducive working environment
Governments and Regulators 	Sound governance and compliance to applicable laws and regulations is fundamental to good business management and sustainable performance. This will also allow us to formulate strategies in line with the latest requirements to achieve our Vision and Purpose	• Regular meetings and consultations • Attendance at regulator-organised seminars and training sessions • Regular electronic-based communications • Participation in dialogues and forums	• Allocation of resources to build more affordable homes to support community needs and government initiatives • Ongoing development of sustainable recyclable structure packaging solutions to support regulatory shifts to sustainable products and solutions • Consistent updates of legal and regulatory changes through dedicated internal team and engagement of external professional advisors

Material Matters

Prioritising Our Key Material Matters

Alignment of priorities across the Group on a day-to-day basis drives sustained value creation in the long-term. As our business grows in size, we have emphasised focus on key material matters, providing clear targets to our employees and encoding a common culture across the Group.

The Materiality Determination Process

IDENTIFICATION

Based on internal analysis of our business and feedback gathered through workshops, we identified material topics that are key to the Group, based on their impact on our financial and non-financial performance and in the context of the capitals.

EVALUATION AND PRIORITISATION

After evaluating the importance of relevant matters in terms of their known or potential effect on value creation of our business and stakeholders, we prioritised five material matters to focus on for FY2020.

DISCLOSURE

We underwent an intensive exercise to determine the information to disclose about the scope and boundaries of material matters for reporting purposes.

Our Five Key Material Matters

Product Innovation

Collaboration, allied with new technologies, ideas and methods, drive enhanced product offerings

Product Reliability

Through embedded quality, safety and delivery standards, we exceed expectations and drive brand loyalty

Talent Attraction And Retention

By aligning reward with performance, and enabling upskilling, we drive continual workforce improvement, which impacts product value and our ability to grow

Expansion

Continuous capacity and capability building is at the heart of our corporate strategy, empowering growth in possibilities and outcomes

Community Impact And Development

We place the community at the heart of all we do. The needs of our customers and the Malaysian populace provides direction for our growth

Material Matters

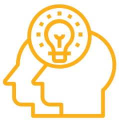
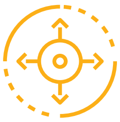
A HOLISTIC APPROACH TOWARDS OUR MATERIAL MATTERS

Having identified the important factors that play crucial roles in ensuring our success, we further analyse the relationship between these material matters and the stakeholders, capitals and drivers of growth that they will most impact.

This allows us to craft precise strategies that enable us to protect and nurture our most valuable assets and extract the greatest utility from our value creation business model.

Material Matter	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Product Innovation 	<u>Capitals Impacted</u>: • Financial Capital • Intellectual Capital • Manufactured Capital <u>Stakeholders Involved</u>: • Customers • Suppliers <u>Drivers of Growth Impacted</u>: • Capacity • Efficiency • Product Value	• Innovation drives advancement at scientex, enabling us to increase our production capacity and efficiency while opening new markets for expansion *(refer to 'Drivers of Growth' on page 38)* • Being innovative also entails being responsive to consumer trends and changing demands. In this area, our packaging division has innovated solutions that are fully recyclable while prioritising food safety, shelf life and hygiene in the development of new products in collaboration with local and multinational customers and brand owners *(refer to 'Key Risks and Mitigation -> Environmental Issues' on page 47)* • Through the adoption of automation in our packaging division and ibs methods in our property division, we have successfully increased time and cost efficiencies, while improving end product quality. We continually seek incremental refinements in the applications of these approaches *(refer to 'Key Risks and Mitigation -> Availability of Human Workforce and Automation' on page 48)*
Product Reliability 	<u>Capitals Impacted</u>: • Financial Capital • Manufactured Capital <u>Stakeholders Involved</u>: • Customers • Suppliers <u>Drivers of Growth Impacted</u>: • Efficiency • Product Value	• Our reputation across our property and packaging divisions rests on our ability to consistently deliver industry leading standards in terms of timeliness, product safety and quality • Fulfilling these expectations starts with adhering to international best practices, with most of our manufacturing plants certified based on globally recognised ISO standards. Meanwhile, our commitment to safety is evidenced by having no major product recalls in the past decade • Our standard operating procedures, practices and solutions in both divisions further enables us to consistently deliver quality products at our highest levels. This is most clearly visible in our property division, where we utilise tried and tested land space and home designs to optimise land use and maximise end product quality. A 100% on-time delivery rate is evidence of the efficacy of our practices *(refer to 'Drivers of Growth' on page 38)* • Lastly, we stay abreast of customer needs with regular feedback and communication that provides a barometer of our service quality, delivery timeliness and customer service standards

Material Matters

Material Matter	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Talent Attraction And Retention 	<u>Capitals Impacted</u>: • Human Capital • Intellectual Capital <u>Stakeholders Involved</u>: • Employees <u>Drivers of Growth Impacted</u>: • Capacity • Efficiency • Product Value	• Incremental improvements in capacity, efficiency and product value are directly correlated with our ability to attract and retain talented employees who are able to display an in-depth understanding of our operations and the external environment in which we operate • With industry-relevant skills training opportunities allied with a share grant scheme and an employee reward system that is carefully aligned with targets, the twin aims of improving productivity and enhancing professional development outcomes can be achieved simultaneously *(refer to 'Key Stakeholder Engagement -> Employees' on page 40)* • Our long term approach to talent also entails a focus on employing Malaysian employees wherever possible. We believe that by employing locally, we are better equipped to navigate human capital risks and build teams that will drive our continued growth and expansion *(refer to 'Key Risks and Mitigation -> Availability of Human Workforce and Automation' on page 48)*
Expansion 	<u>Capitals Impacted</u>: • Financial Capital • Manufactured Capital • Human Capital • Intellectual Capital <u>Stakeholders Involved</u>: • Suppliers • Customers • Investors and Shareholders • Employees <u>Drivers of Growth Impacted</u>: • Capacity • Efficiency • Product Value	• Our vision 'To Double Up Every Five Years' rests in no small part on our ability to continually expand in terms of production capacity and capability, land bank development and customer reach *(refer to 'Drivers of Growth' on page 38)* • In our property division, the successful execution of a 'cross-border strategy' has allowed us to expand our land bank from our traditional base in Johor northwards into Melaka, Negeri Sembilan, Selangor, Perak and Penang, providing affordable housing to a wider cross-section of the Malaysian population • In our packaging division, our continuous investment in new machinery and technology has enabled us to further expand our capacity and capabilities, while working closely with customers to expand product range as well as our customer base. Keeping a keen eye on market trends has also enabled us to meet evolving customer demand for sustainable packaging solutions • Underlying our continued expansion is the principle of reinvesting into high growth areas, including through strategic acquisitions of synergistic firms to expand new markets, develop product portfolios, enhance capabilities and embrace new technologies

Material Matters

Material Matter	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Community Impact and Development	Capitals Impacted: • Social and Relationship Capital Stakeholders Involved: • Customers • Governments and Regulators Drivers of Growth Impacted: • Capacity • Product Value	• Community impact is at the heart of Scientex, with the aim of fulfilling the need of the Middle 40 percent ("M40") and Bottom 40 percent ("B40") income segments for affordable housing driving our property division's continued expansion over the past 20 years. Our aspiration to complete 50,000 such homes by 2028 provides direction and purpose to our land bank acquisition and development activities *(refer to 'Drivers of Growth' on page 38)* • Within our packaging division, we place great importance on anticipating and responding to the needs of both our customers and the broader community. Cognisant of increased demand for sustainable products, we are developing packaging solutions that offer extended shelf life and reduction of food and product wastage, while concurrently becoming the first mover in developing 100% recyclable mono-material laminate packaging in Malaysia *(refer to 'Key Risks and Mitigation -> Environmental Issues' on page 47)* • At a Group level, our commitment to the community can be perceived through corporate social responsibility ("CSR") programmes that support issues pertinent to society at large. These include sponsorship of a research study carried out by Cancer Research Malaysia, a school-based recycling challenge, and 'The Green Truck' programme, which is intended to raise awareness of human impact on the environment *(refer to 'Sustainability Statement -> Local Communities' on page 90)*

Key Risks and Mitigation

Recognising And Mitigating Risks

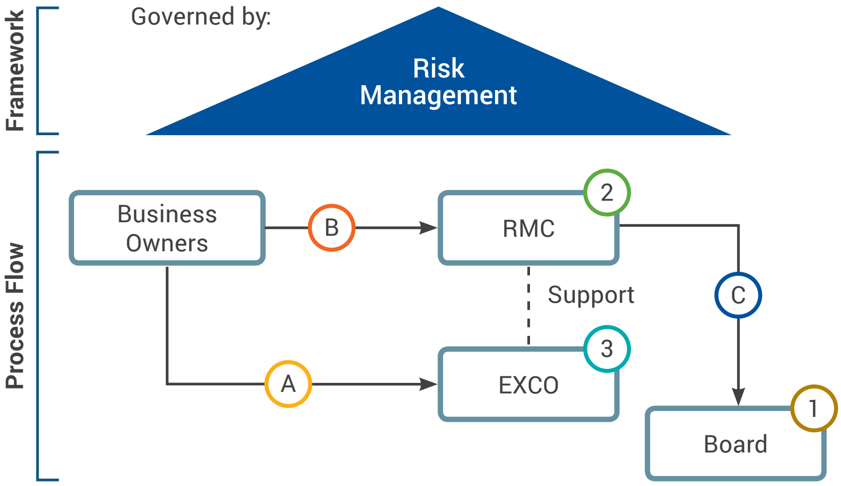
The Group adopts an integrated approach to risk management that is embedded in our business processes and enhanced by robust internal control processes. By continually monitoring and managing risks that impact our strategic, operational, financial and compliance goals, we are able to reinvest to grow capacity, enhance efficiency and product value with greater confidence, fueling sustainable growth.

OUR RISK MANAGEMENT PROCESS AND FRAMEWORK

Our detailed and comprehensive risk management process is governed by standard procedures that involve key internal decision-making parties. With the Risk Management Committee ("RMC") and Audit Committee ("AC") supported by EXCO, risks identified by business owners are systematically reviewed with the potential impact to the Group and its stakeholders carefully considered. If the risk is considered significant, mitigation plans are devised and executed, with regular meetings set up to communicate subsequent measures and responses with the relevant business owners. Ongoing monitoring and reporting then ensures an optimal response in mitigating risks.

This process is detailed in the diagram below.

Risk Management Framework



1	The Board is assisted by RMC and AC in overseeing the risk management and internal control system of the Group
2	RMC is chaired by Independent Non-Executive Director and comprises of Chief Executive Officer and Independent Non-Executive Director as members
3	The EXCO has an important role in supporting the implementation and execution of the Group's policies and procedures in relation to risks
A	Conduct regular meetings with business owners to review the financial and operations performance, internal controls and risk management of the respective divisions/ business units
B	• Identify relevant risks applicable to respective division/ business units • Set up Risk Register • Establish mitigation plans • Monitor risks on regular basis • Report to RMC
C	• Review the Risk Register prepared by Business Owners • Ascertain the significance of the risks, factoring in the impacts to the Group and its stakeholders, and the likelihood of the risk occurring • Report to the Board

Key Risks and Mitigation

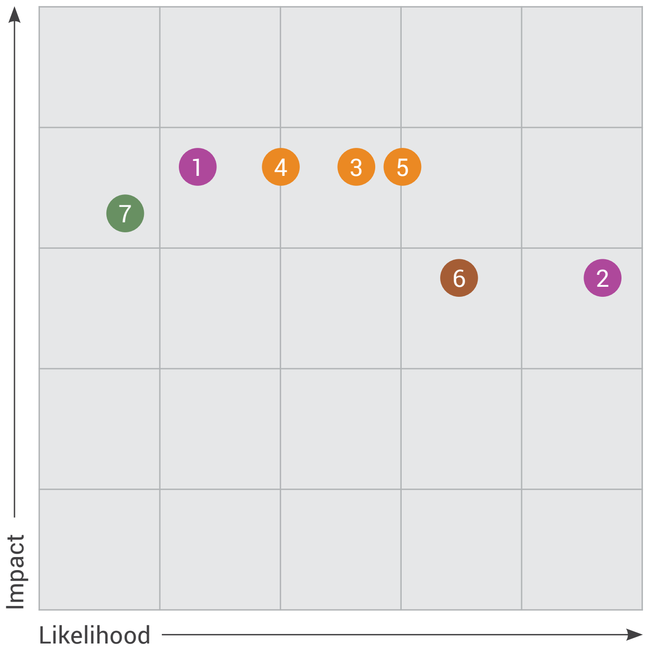
OUR CATEGORIES OF RISK

Risks are categorised as below according to its main potential area of impact.

Risk Category	Description
Strategic Risk	Changes in economic and business trends that impact the Group's strategies, thus hindering the achievement of financial and non-financial goals
Operational Risk	Unfortunate events that have the potential to disrupt day-to-day operations and processes of the Group
Financial Risk	Risks that have a direct financial impact on the Group
Compliance Risk	Non-compliance with laws and regulations (i.e. tax rulings, Bursa Malaysia listing requirements, development regulations, import and export regulations) in the countries that the Group is in operation, that may result in financial penalties, reputational damage or even revocation of business licenses

OUR RISK MATRIX

For the current financial year, we have identified seven key risks that may potentially affect our businesses. These risks are charted on a risk matrix to determine its likelihood and potential impact.



1. Environmental Issues
2. COVID-19 Pandemic
3. Availability of Human Workforce and Automation
4. Cybersecurity
5. Cost and Supply of Raw Materials
6. Foreign Currency Exchange Rate Fluctuation
7. Compliance Risk

Strategic
Operational
Financial
Compliance

Key Risks and Mitigation

Strategies To Mitigate And Capitalise On Identified Risks

Risk	Material Matters and Stakeholders Impacted	Strategies
Environmental Issues <u>Risk Description:</u> As demand shifts towards fully recyclable products, the urgency for us to adapt our processes and innovate more environmentally friendly solutions has heightened <u>Opportunity Description:</u> The increased importance placed on sustainable products and solutions by end customers provides an opportunity for Scientex to participate in the circular plastic economy, collaborating with customers and value chain partners to innovate new and impactful solutions in line with our sustainable growth aspirations	<u>Material Matters Impacted:</u> • Product Innovation • Community Impact and Development <u>Stakeholders Involved:</u> • Customers • Investors and Shareholders • Governments and Regulators	• Continuous collaboration with customers to develop sustainable packaging solutions which are 100% recyclable • Continuous development of packaging solutions that reduce food and product wastage by extending package shelf life • Continuous efforts to develop thinner films to reduce consumption of raw materials and reduce environmental impact • Investment in technology including new machineries equipped with new capabilities to increase efficiency and reduce wastage • Introduction of stringent targets to reduce wastage at manufacturing plants, alongside implementation of 3R (Reduce, Reuse and Recycle) initiatives in manufacturing plants • Initiation of CSR activities that raise awareness of sustainability and strategies to reduce environmental impact, particularly amongst young school children
COVID-19 Pandemic <u>Risk Description:</u> Safety and hygiene has moved to the top of the global agenda with the COVID-19 pandemic. Aside from a risk of non-compliance to regulations, the pandemic has the potential to affect us in several other ways: • A general slowdown in the economy and reduced consumer confidence may affect demand for our products • Travel restrictions may affect sales and other business activities • The banning of non-essential activities may affect our property construction	<u>Material Matters Impacted:</u> • Product Reliability • Expansion • Community Impact and Development <u>Stakeholders Involved:</u> • Customers • Investors and Shareholders • Governments and Regulators	• Compliance with government regulations and implementation of strict internal SOPs in plants, sites, worker hostels, offices that involve social distancing practices, hygiene compliance and encouraging employees to work from home • Collaboration with customers and suppliers to understand evolving needs and to meet additional demand for essential goods during the various stages of Movement Control Order ("MCO") period • Collaboration with suppliers and regular communication with government agencies to ensure minimal interruption to existing logistics processes and a stable supply of primary and secondary production inputs • Transition to digital platforms for meetings and internal discussions • Transition of property promotions and sales drives to online platforms

Key Risks and Mitigation

Risk	Material Matters and Stakeholders Impacted	Strategies
Availability of Human Workforce and Automation Risk Description: Changing employment regulations may affect the smooth execution of production and construction processes, especially in terms of rules governing the employment and attainment of approvals for foreign workers Opportunity Description: Human resource challenges offer the Group the opportunity to invest in automated machines and augment existing processes with automation, thereby increasing efficiency and productivity	Material Matters Impacted: • Product Reliability • Talent Attraction and Retention Stakeholders Involved: • Customers • Suppliers • Employees • Governments and Regulators	• Continuous work to attract and retain talents by offering good remuneration packages, incentive schemes, skills training programmes and a wide variety of benefits • Investment in automation in manufacturing plants, resulting in more efficient use of human capital. Automation technology used includes roll-handling automation in the production of bi-axially oriented polypropylene ("BOPP") film, wicketed automated stack processors for wicketed bread bags, in-line rewinding process and automated packing for hand roll in stretch film • Continuous enhancement of IBS methods in our property division, resulting in more efficient use of human capital • Engagement of reliable agents for workforce sourcing in both the packaging and property divisions • Continued focus on providing employment opportunities to Malaysians
Cybersecurity Risk Description: As our businesses become increasingly digitalised, ERP and other online based technologies are exposed to potential cyberattacks, interrupting day-to-day operations and our ability to meet production and delivery deadlines	Material Matters Impacted: • Expansion • Product Reliability Stakeholders Involved: • Customers • Suppliers • Employees	• Development and maintenance of a comprehensive IT handbook and policy • Recruitment of hardware and software support from internal and reputable external providers • Regular IT system health checks and security updates • Annual reviews of the integrity of IT security measures, resulting in optimisations that reduce risk of cyber attacks • Implementation of comprehensive IT data backup, data restoration and disaster recovery plan
Cost and Supply of Raw Materials Risk Description: The cost-effective purchase of raw materials is essential in both our packaging and property divisions. In addition to the risk of raw material price fluctuation, periodic global shortages may also result in temporary production disruptions	Material Matters Impacted: • Expansion • Product Reliability Stakeholders Involved: • Customers • Suppliers	• Continuous monitoring of raw material supply stocks and prices to manage volatility • Adoption of centralised procurement of raw materials to achieve economies of scale • Adoption of just-in-time purchasing strategy whereby materials are purchased expressly to meet projected demand of customers, thus minimising risk of fluctuations in raw material prices • Widening of raw material supply base to mitigate against supplier-specific shortfall

Key Risks and Mitigation

Risk	Material Matters and Stakeholders Impacted	Strategies
 **Foreign Currency Exchange Rate Fluctuation** <u>Risk Description:</u> As the price of raw materials is usually denominated in USD, foreign currency fluctuations have a direct impact on the purchase price of inputs	<u>Material Matters Impacted:</u> • Expansion <u>Stakeholders Involved:</u> • Customers • Suppliers	• Adoption of natural hedging strategy by - denominating product selling prices of exports in foreign currency, mainly in United States Dollar ("USD") - obtaining borrowings denominated in foreign currency, mainly in USD
 **Compliance Risk** <u>Risk Description:</u> As we operate around the world, not keeping abreast of changing statutory requirements and laws may result in an inability to complete delivery of goods and loss of reputation, in addition to the imposition of financial penalties or the suspension of our operations in the region in question <u>Opportunity Description:</u> By adopting transparent corporate governance practices that align with global best practices, Scientex may earmark itself as a future-oriented organisation, thus providing greater confidence to shareholders	<u>Material Matters Impacted:</u> • Expansion <u>Stakeholders Involved:</u> • Investors and Shareholders • Governments and Regulators	• Promote a culture of continuous enhancement in our corporate governance, internal control and risk management frameworks • Establishment of a dedicated team to handle statutory compliance matters and stay abreast of laws and regulations pertaining to our businesses • Engagement of internal and external professionals for ongoing consultancy in regards to statutory compliance in the countries in which we operate

Roadmap

Towards FY2023

PACKAGING DIVISION
400,000 METRIC TONNES/YEAR

Key Business Process	Competitive Advantage	Business Strategies
DEVELOP	• Integrated expertise across the flexible plastic packaging value chain • Continuous investment in new machinery and technology • Established and sophisticated technical centres • Expertise and in-depth knowledge of plastic film manufacturing	• Use synergy as a film producer and converter to identify and respond faster to emerging market opportunities, especially in developing market sectors • Continue to explore the potential of process automation to enhance efficiencies • Expansion of testing capabilities and enhancement of internal quality assurance processes to improve product quality and sustainability • Work closely with customers in development of new products and solutions • Continue to focus on product innovation for sustainable and recyclable structures
PROCURE	• Centralised purchasing function • Size and reputation in market • Long standing relationships with suppliers	• Further cultivate relationships with suppliers and widen supplier base to manage raw material cost and supply volatility • Enhance just-in-time purchasing function to minimise volatility of raw material costs
PRODUCE	• Ingrained ERP system • Extensive range of machinery with varied capabilities • Efficient layout of factory floor	• Further enhancement of production processes to increase efficiency • Further enhancement of machine deployment strategies in order to drive specialism and economies of scale • Optimisation of factory layout, machine run-time planning and ERP system for greater production flow efficiency
SELL	• Physical presence across global markets • Established 52-year track record • Strong industry networks • Top global certifications • Experienced sales force	• Leverage on global presence to speed up delivery to customers • Maintain and improve price competitiveness by leveraging on our economies of scale • Leverage on product innovation to offer value added products in line with customer needs • Refine referral and market expansion strategies that leverage on long standing client relationships

Towards

CAPACITY

EFFICIENCY

PRODUCT VALUE

Our Strategic Approach

While our Value Creation Business Model on page 36 provides a detailed guide to all the factors involved in enhancing our business processes and in enabling our drivers of growth, our roadmap towards FY2023 expresses our current business strategies that we have developed in accordance with our group fundamental strategies and within our key business processes in order to achieve our short-to-medium-term goals under the current market environment.

FY2023

Invest in Growth

- Invest in high growth business
- Divest non-performing units
- Invest in mergers and acquisitions, and assets to spur growth

Grow Economic Engine

- Grow capacity and capabilities
- Increase efficiency
- Enhance product value

Inspire Our People

- Engage our team with effective communication
- Align performance rewards with economic engine
- Promote culture of continuous learning
- Promote good corporate governance and compliance

PROPERTY DIVISION
6,000 HOMES/YEAR

Key Business Process	Competitive Advantage	Business Strategies
ACQUIRE	• Strong financial position • Dedicated land bank acquisition team • Deep expertise and knowledge of the Malaysian affordable housing market	• Quickly capitalise on new opportunities to expand land bank by leveraging on strong financial position • Focus on land banks and residential markets that provide opportunities for speedy return on investment
PLAN	• Dedicated and experienced planning team • Market focused development concepts • Efficient layout and master planning • Standardised house design	• Adopt and enhance tried and tested land space designs to optimise land bank usage • Enhance home designs to achieve greater uniformity and efficiency • Enrich our best practices by cross-sharing expertise across developments
LAUNCH	• Proven brand name in affordable housing market • Effective SOPs for house launching • Wide customer database	• Increase focus towards growing and building brand name recognition locally and regionally to improve reception to launches • Continue to introduce timely packages and promotions that leverage upon consumer trends in order to capture greater market share • Build closer contacts amongst media and government representatives to enhance cooperation and brand exposure • Continue to adopt digital and social media campaigns to engage with a wide cross-section of society • Utilise Knowledge Management System for optimal database management and to maximise lead follow up and conversion
BUILD	• Standardised yet quality home designs • Strong track record in effective utilisation of IBS • Centralised purchasing function and long-standing relationships with experienced suppliers and contractors enables opportunities to significantly manage costs	• Continue to enhance IBS practices to optimise product quality and delivery • Continue to review house designs towards adopting greater uniformity, enhancing quality while managing costs • Further cultivate relationships with reputable contractors and suppliers to ensure access to raw materials and expertise in the market

Financial Review

A Robust And Resilient Financial Position

The Group's strong financial position and increasing prominence within thriving industry sectors provides us influence and flexibility to take advantage of strategic growth and expansion opportunities.

FINANCIAL PERFORMANCE REVIEW

Description	FY2020 RM'000	FY2019 RM'000	Increase (%)
Revenue	3,518,601	3,247,446	8.3
Profit Before Tax ("PBT")	544,262	450,588	20.8
Net Profit	390,114	333,697	16.9

The Group continues to perform remarkably amidst another challenging year as the market and economy were impacted by uncertainty in the global economic outlook.

The Group recorded higher revenue of RM3.5 billion, representing a growth of 8.3% compared to RM3.2 billion in the previous financial year. In line with the increase in revenue, PBT for the Group increased by 20.8% to RM544.3 million from RM450.6 million the year before.

The Group's strong performance for FY2020 is reflective of the careful planning and implementation of expansion plans undertaken by both the packaging and property divisions over the past few years.

Packaging Division	FY2020 RM'000	FY2019 RM'000	Increase (%)
Revenue	2,551,141	2,357,807	8.2
Operating Profit	251,015	175,233	43.2
Property Division	**FY2020 RM'000**	**FY2019 RM'000**	**Increase (%)**
Revenue	967,460	889,639	8.7
Operating Profit	298,440	286,544	4.2

In FY2020, the packaging division contributed a record RM2.6 billion in revenue, representing an increase of 8.2% from RM2.4 billion recorded in the previous financial year. The increase was due to acquisitions of Daibochi and Mega, which opened up new domestic and global markets within the FPP sector, along with better sales contributed by other packaging products.

A favourable sales mix and higher production efficiency at our plants bolstered the packaging division's operating profit, which charted a significant 43.2% rise to RM251.0 million in FY2020.

The property division also delivered a record revenue of RM967.5 million, an increase of 8.7% from the previous financial year, led once again by strong demand for our affordable residential property projects. The division secured good take-up

Financial Review

rates and stable progress billings for its affordable property offerings in Johor, Melaka and the Central Region, despite the challenges and disruptions faced in property development activities during the MCO. As such, operating profit for the property division remained steady, increasing to RM298.4 million in FY2020 from RM286.5 million in the previous financial year.

The Group's overall financial position remained strong with total assets increased from RM4.1 billion in FY2019 to RM4.6 billion in FY2020, mainly contributed by new development land acquisitions completed in FY2020 as well as the acquisition of new machineries and businesses. Total equity attributable to owners of the Company increased from RM2.2 billion to RM2.6 billion in FY2020. This increase was mainly due to:-

a) An annual net profit of RM390.1 million offset by total dividend payments of RM103.2 million;
b) New issuance of 615,400 ordinary shares amounting to RM6.0 million, pursuant to the Scientex Berhad Share Grant Plan, to eligible employees of the Group; and
c) Revaluation surplus on the Group's land and buildings of RM43.1 million, net of deferred taxation and non-controlling interest.

The total number of issued shares of the Company as at 31 July 2020 stood at 515,876,872 ordinary shares, out of which 100 ordinary shares were held as treasury shares.

OPTIMISED FOR GROWTH AND EXPANSION

Description	FY2020 RM'000	FY2019 RM'000
Net operating cash generated	715,337	556,965
Net borrowings	627,816	716,170
Equity attributable to owners of the Company	2,561,392	2,225,018
Net gearing ratio (times)	0.25	0.32

The Group continued to generate strong cashflow from its business operations with net cash generated from operating activities of RM715.3 million in FY2020, 28.4% higher compared to RM557.0 million in FY2019. The increase was mainly attributed to the increase in PBT for the current year as well as a decrease in cash utilised for working capital purposes. The strong net operating cash flow has further enhanced our short-term liquidity and capacity to invest in expansion and advancement activities.

The Group's net borrowing position for FY2020 has improved to RM627.8 million with a net gearing ratio of 0.25 times, which places the group in an ideal position to seize future growth opportunities that align with our vision 'To Double Up Every Five Years'.

CONSISTENTLY HEALTHY SHAREHOLDER RETURNS

The Board has declared a single tier interim dividend of 10 sen per ordinary share which has been paid on 24 July 2020 and is pleased to recommend a single tier final dividend of 13 sen per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting.

Total dividends of 23 sen per ordinary share or approximately RM118.8 million in respect of FY2020 amounting to 30.4% of the Group's current year net profit and this further reinforces our commitment towards delivering healthy shareholder returns.

Financial Highlights and Performance

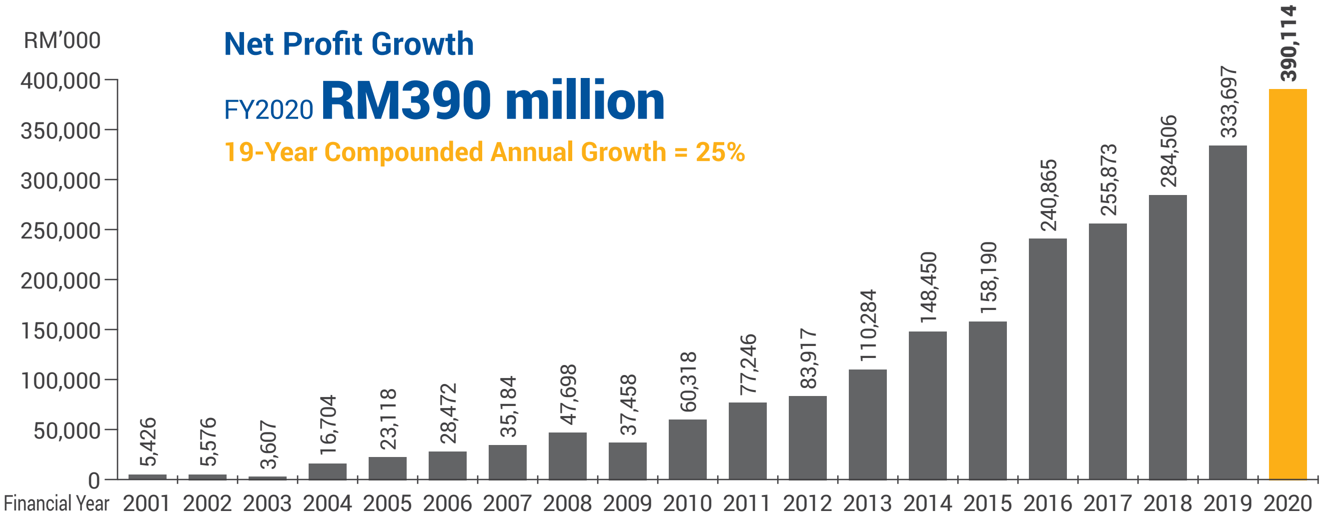
5-Year Financial Highlights

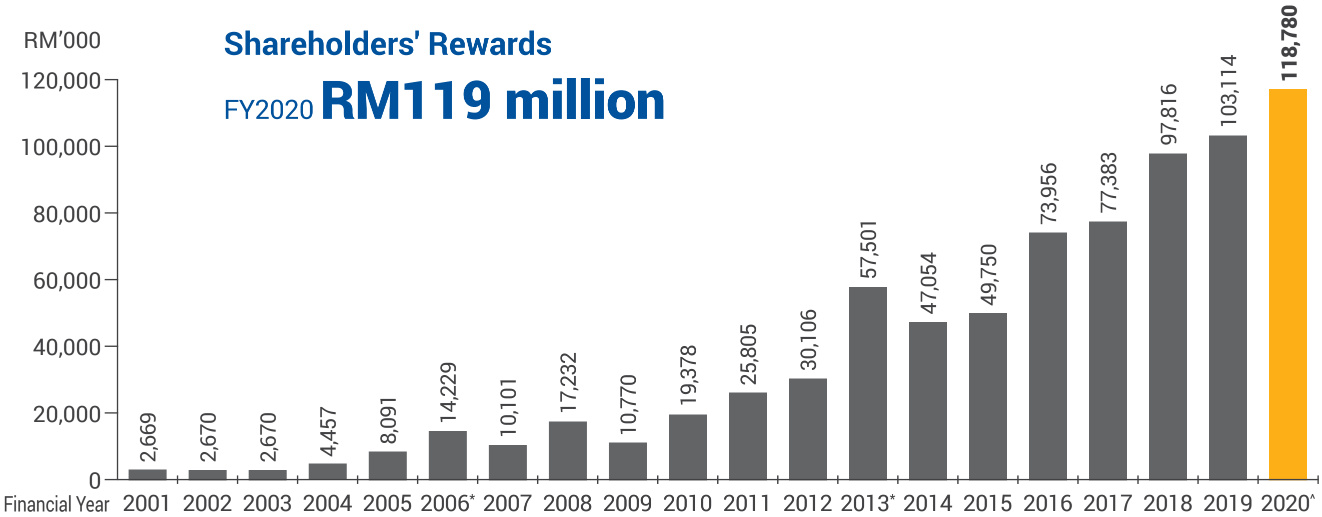
Year ended 31 July	2020 RM '000	2019 RM '000	2018 RM '000	2017 RM '000	2016 RM '000
Results					
Revenue	3,518,601	3,247,446	2,602,834	2,403,151	2,200,980
Operating Profit	549,455	461,777	357,386	325,069	312,560
EBITDA	671,270	558,404	437,146	395,222	374,541
Profit Before Taxation	544,262	450,588	354,684	317,968	306,332
Profit After Taxation	418,026	345,908	288,734	259,941	246,567
Net Profit	390,114	333,697	284,506	255,873	240,865
Group Assets					
Non-current Assets	2,776,719	2,409,020	2,173,065	1,624,709	1,487,971
Current Assets	1,823,716	1,698,461	1,212,225	953,080	763,130
Total Assets Employed	4,600,435	4,107,481	3,385,290	2,577,789	2,251,101
Financed by					
Share Capital	691,782	685,776	453,850	411,843	115,000
Reserves	1,869,610	1,539,242	1,295,755	1,123,621	1,060,167
Equity attributable to owners of the Company	2,561,392	2,225,018	1,749,605	1,535,464	1,175,167
Non-controlling Interests	194,260	173,935	69,973	68,416	66,495
Current Liabilities	1,353,230	1,329,723	1,160,017	743,663	711,753
Non-current Liabilities	491,553	378,805	405,695	230,246	297,686
Total Funds Employed	4,600,435	4,107,481	3,385,290	2,577,789	2,251,101
Performance Indicators					
Earnings Per Share (Sen) *	75.66	66.66	58.50	54.83	52.94
Net Dividend Per Share (Sen) *	23.00#	20.00	20.00	16.00	16.00
Net Assets Per Share (RM) *	4.97	4.32	3.58	3.18	2.55
Net Gearing Ratio (Times)	0.25	0.32	0.44	0.18	0.32
Return on Equity ("ROE") (%)	15.23	15.00	16.26	16.66	20.50
Net Operating Cash Flow (RM'000)	715,337	556,965	392,424	322,841	380,303

* *For FY2016, the figures have been restated to take into account the bonus issue in August 2016.*

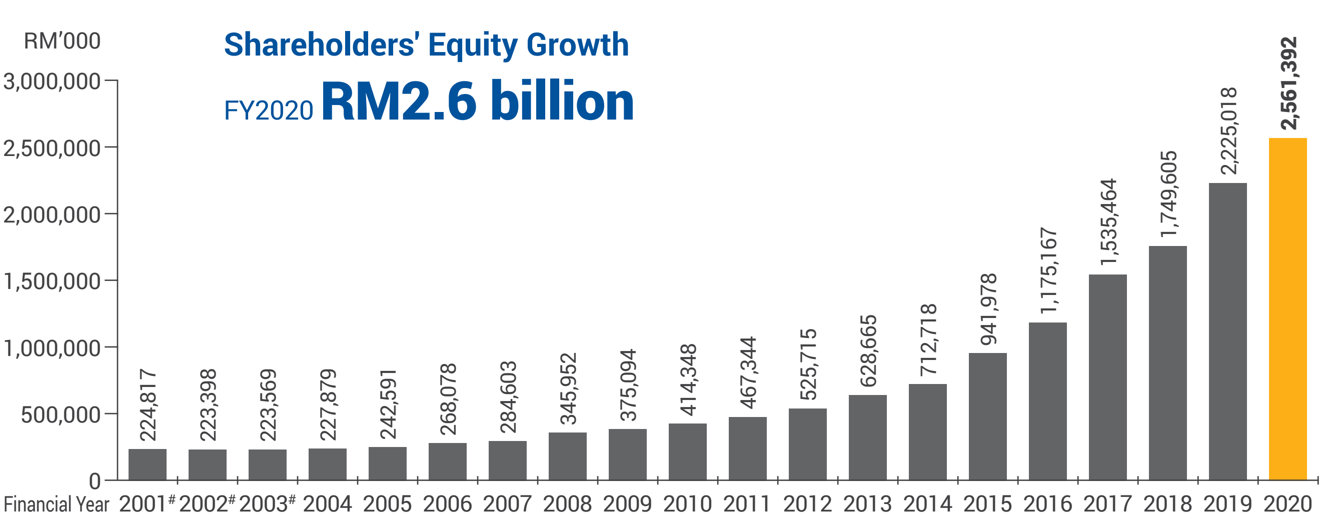
\# *Includes a single tier final dividend of 13 sen per ordinary share proposed for shareholders' approval.*

Scientex Performance Record





** Includes a special dividend of RM4.8m in FY2006 and RM22.1m in FY2013.*
^ Includes a single tier final dividend of 13 sen per ordinary share proposed for shareholders' approval.



 # The figures have been restated for consistency.

Operational Review - Packaging

Sustaining Growth And Innovation Through Integration

Scientex has made calculated moves in expanding our interests across the packaging value chain over the last few years. This has considerably augmented the Group's ability to spearhead in-house innovation and lead sustainable product development projects in tandem with prominent brand owners.

A RISING GLOBAL PACKAGING LEADER

Packaging Division	FY2019	FY2020	FY2023 Target
Volume sold (Metric Tonnes)	288,000	295,000	400,000

Despite facing uncertainties due to the COVID-19 pandemic in the second half of FY2020, the Group nevertheless charted credible growth in our production capacity, capabilities and market capture during the year, consequently recording higher sales in terms of volume sold, revenue and profit from operations that remain consistent with our vision 'To Double Up Every Five Years'. Boosted by value added products as well as greater production efficiency, revenue increased by 8.2% while operating profit increased by 43.2% in FY2020.

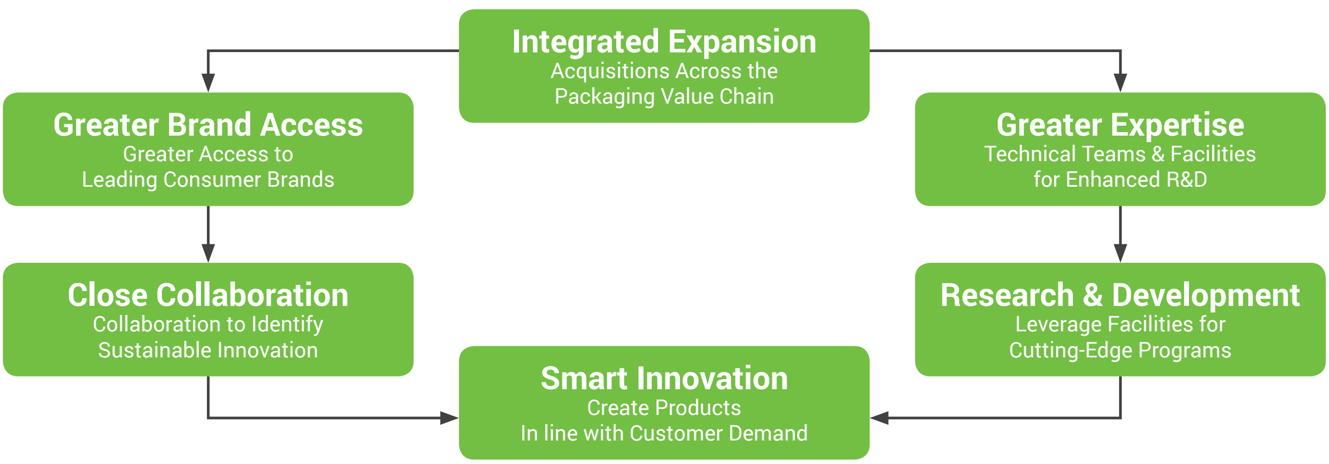
SMART INNOVATION THROUGH INTEGRATED EXPANSION

Over the past two years, the Group's significant expansion and integration across the packaging value chain has catapulted us into becoming a leading player in FPP both domestically and regionally.

The strategic acquisitions of Daibochi and Mega have bolstered our innovative capabilities with sophisticated equipment and a team of experienced workers to support our research, development, testing and evaluation activities.

The Group currently produces products across the packaging value chain, ranging from plain film such as stretch film, base films such as polyethylene ("PE"), BOPP and cast polypropylene ("CPP") film to more value added products such as metallised films, printed films, barrier films, heavy duty sacks, wicketed bags and multi-layered flexible plastic packaging in rolls and bags.

With our wide range of products and our cutting-edge production capabilities, which are integrated across our production plants, the Group is better positioned to deliver additional value to customers at a faster pace. We continue to leverage on our technical facilities and shared expertise to facilitate and expedite sample analysis and evaluation, boosting our capability to cooperate with local and multinational customers and brand owners to innovate and jointly develop new products of international standards and quality, with a focus to deliver innovative sustainable products.



Operational Review - Packaging

PRODUCT INNOVATION HIGHLIGHTS IN FY2020

Our close partnerships with key brand owners and other customers within the sector have helped the Group refine our approach towards innovation as we align our focus towards developing products that can offer a preestablished and stable demand from the brand owners with whom we have partnered.

To this end, the Group is pleased to report that during this financial year, fifty-five new products have been commercialised after going through extensive trials, developments as well as keeping quality tests over the past few years.

The following are some of the product innovations that have been successfully launched, many of which have placed us in a leading market position within that particular packaging segment.

A FIRST MOVER IN RECYCLABLE MONO-MATERIAL LAMINATES

Fully recyclable flexible plastic packaging has been identified as a key priority in our progress towards sustainability, with several top consumer market players having pledged to ensure all their packaging is fully recyclable or compostable within the next five years.

Scientex has collaborated and worked closely with local and international brand owners to create, develop and commercialise new packaging that is sustainable and fully recyclable. One such example is the development of mono-material laminates, which offers a new and 100% recyclable option for many existing flexible plastic packaging.

Scientex is proud to have become the first mover for the successful commercial use of fully recyclable mono-material laminates in Malaysia in October 2019 with the launch of Boh Tea's 250g pack, which replaces its original non-recyclable packaging.

The Group has also begin providing mono-material laminate FPP solutions for various food and beverage and household products with trials and development currently ongoing with various brand owners for disposable single serve stick packs and sachets as well as beverages packs.

The Group expects to see greater commercialisation of mono-material laminate solutions in FY2021, as keeping quality tests for larger packs, smaller packs and single serve stick packs and sachets are completed.

- √ 100% Recyclable
- √ First Mover in Malaysia
- √ Numerous Applications across FPP

Mono-material laminate FPP solutions

Operational Review - Packaging

AN ECO-FRIENDLY SOLUTION FOR FLEXIBLE PACKAGING

Scientex Bio PBS

Scientex BioPBS (bio-based polybutylene succinate) film is a specially innovated bio-degradable and compostable flexible packaging that offers an eco-friendly solution for brand owners seeking to reduce the environmental impact of their packaging while offering consumers better waste management options.

Having received 'OK Compost Home' and 'OK Compost Industrial' certification by TUV Austria, BioPBS film is suitable for various types of dry food such as coffee capsules, tea leaves and others. The Group is pleased to report that this BioPBS film is already commercially available and has received favourable response from the market thus far.

√ Made from Organic Materials
√ Compostable at Home
√ Excellent Seal Strength
√ Applications in Dry Food Sector

MACHINE DIRECTION ORIENTATION ("MDO") FILM

MDO films are used for packaging of inter alia food and beverages and personal health care products. It is suitable to replace biaxially oriented polyethylene terephthalate ("BOPET") and biaxially oriented polyamide ("BOPA") in lamination, enabling a fully recyclable packaging solution. MDO films fulfill different types of packaging requirements and exhibit superior barrier and sealing functionality.

√ 100% Recyclable
√ Good Barrier Properties and Improved Heat Resistance
√ Application in Frozen Food and Pet Food Sectors

CRAFTING RECYCLABLE SHRINK FILM WITH A HIGHER RIGIDITY

With the growing popularity of shrink film usage in the handling of bundled goods, Scientex has commercialised a high rigidity LDPE shrink wrap material that gives the wrapped product greater protection from the outside elements compared to current market offerings.

Besides being 100% recyclable, our specially made rigid shrink film offers good tear strength to prevent film break during transportation, good mechanical strength, toughness and balance shrinkage performance. Due to its unique physical properties, this high rigidity shrink film is widely used by customers dealing with bottled liquids and canned food products to achieve sturdier wrapping integrity and a lower percentage of breakage even in very demanding transport and handling situations.

√ 100% Recyclable
√ Enhanced Rigidity
√ Applications in Bottled Liquids Sector and other Food and Beverage Sectors

High rigidity LDPE shrink film

UTILISING NANO TECH TO PACKAGE FINE POWDERS

To overcome the issue of fine powder leakage from conventional punch-holes, Scientex successfully commercialised PE Valve Sacks with nano-perforation holes. These nano sized holes are produced using a nano perforating roller during the bag converting process. The fine hole size allows air to be released during the filling process while at the same time fully preventing leakage of its fine powder contents, enabling optimum filling speed.

Operational Review - Packaging

- √ 100% Recyclable
- √ Extended Shelf Life with High Moisture Barrier
- √ Premium Glossy Look with High Tear and Drop Resistance
- √ Applications in Powdered Materials Sector

PE Valve Sacks *Nano-perforation holes*

ULTRA THIN 4.5 MICRON STRETCH FILM

Scientex continues to lead the global stretch film industry with our downgauging capabilities as we once again pushed the limits in creating thinner and more sustainable stretch film variants. FY2020 saw the introduction of our ultra-thin 4.5 micron film with reinforced edge, which is the thinnest stretch film produced directly from the cast machine in a single process.

This eco-friendly innovation consumes less materials in production, saves storage space and costs while reducing waste and transportation costs.

- √ 100% Recyclable
- √ Applications Across Logistics Sector

PIONEER IN INTERNAL PRINTING

Internal printing refers to lettering that appears inside the packaging, often seen inside of light packaging such as snack packs, and is used as part of the customers' promotional campaigns.

Scientex is proud to be the pioneer in Malaysia to offer such a unique internal printing capability that enables printing of random alphanumeric lettering inside its packaging products. This value added yet cost effective capability largely caters to local demand as well as exports.

Internal printing in potato chips packing

COLD SEAL CAPABLE CONVERTER

Cold seals are designed to form a seal through the use of pressure, eliminating the need for heat and dwell time. It is widely used for the packaging of confectionery, cereal bars, ice creams and other heat sensitive products.

Scientex is one of the few converters in Malaysia who is able to offer the cold seal feature within a laminated structure that fulfills the exacting requirements of our customers. The key benefits in utilising cold seals include better production efficiency and ultra high-speed packing, while the final product features easy peel, neater packaging and enhanced preservation of the product appearance.

Cold seal

Operational Review - Packaging

CUTTING-EDGE LASER SCRIBING

Laser scribing is an innovation that chiefly supports the convenience of easy tear sachets and plastic packaging. Laser scribing does not merely rely on the use of machine capability but also requires precise technical expertise and know-how to ensure proper application.

Scientex is one of few converters that is equipped with the capabilities and expertise for laser scribe production, with our laser scribing facilities enabling greater convenience of easy tear while preserving the integrity and quality of the food contents inside. Our current applications include packing for snacks and coffee sachets.

With continuous product innovation, Scientex intends to collaborate with its partners and customers to deliver more customised packaging solutions that meet customer and market demands as well as growing trends. Our on-going product development aspires towards more of such products being commercialised and gaining acceptance by our customers as we position ourselves as a global leader through such product offerings. Accordingly, we will maintain stringent product tests and assessments for our products that meet global standards as we seek to secure more international markets.

Read more about our product innovation framework in our Sustainability Statement on page 82.

BOOSTING CAPACITY AND EFFICIENCY THROUGH AUTOMATION

In line with our focus on developing our capacity and efficiency, Scientex has sustained our commitment towards investing in new machineries that can increase our manufacturing capacity as well as offer greater efficiency through automation and superior capabilities.

In line with our vision of strong growth, the Group invested a total capital expenditure of RM131.9 million on new machineries, machinery upgrades as well as factory enhancement in FY2020. An additional RM400 million for such expenditure has been allocated over the next three years.

In the current financial year, a total of eighteen new machineries were commissioned. New machineries commissioned include two extrusion machines, two printing machines and fourteen converting machines.

The converting machines commissioned include:

- A MDO machine which is capable of producing films with enhanced mechanical and optical properties for its intended use. In the case of barrier film, the orientation process also reduces permeability to gas and water vapour. The MDO line also features the capability to produce stiffer film that can cater to the production of fully recyclable PE packaging solutions.

- Extrusion lamination machines and solventless lamination machine. The solventless lamination machine features technology with improved environmental protection, higher efficiency and energy savings.

- Bag making machines with enhanced features and automation as well as slitting machines.

As we scale up our operations and capacity, we are also scaling up on automation and testing such as the implementation of auto packing system for our USA stretch film plant, inline recycling features added to existing extrusion lines as well as laboratory testing equipment, with a focus on efficiency and enhancement of product value.

In addition, various plants are also undergoing renovation and enhancement of facilities and utilities to further improve efficiency and efficacy of production flow.

The Group has further allocated RM400 million for capital expenditure over the next three years. Capital expenditure committed as at the current financial year end includes:

- A co-extrusion stretch cast line capable of producing 67-layer stretch film with nano technology features
- Two extrusion machines and two CPP cast machines
- Three printing machines and sixteen converting machines to further augment our capacity and capability.

These machines are expected to be commissioned in FY2021 or early FY2022.

Operational Review - Packaging

Our stretch film facility

The on-going and future capital expenditure which has been allocated for the purchase of new machinery, machinery and plant upgrades will boost our production capacity and efficiency, drive innovation and sustain our growth as we produce more innovative yet cost competitive products which meets our global customers' expectations.

SAFEGUARDING OUR PRODUCT INTEGRITY

The recognition of high quality that Scientex products possess across the globe today has been built over the years through our stringent commitment to ensuring our product reliability, which is a key material matter for the Group, as well as our product value, which represents a principal driver of our growth.

As our products stretch across the packaging value chain, the Group's various plants have ensured that we consistently adhere to internationally recognised quality standards.

In FY2020, our plant in Sungai Siput, Perak has been newly certified with the BRC Global Standard for Packaging and Packaging Materials Issue 5; and our plant in Teluk Emas, Melaka has successfully obtained the Food Safety System Certification 22000. These new certifications will enable us to widen our reach to more multinational customers and open up new markets.

Our converting section of Ayer Keroh plant in Melaka

Other awards, certifications and accreditation can be seen at https://www.scientex.com.my/awards-certifications/

Operational Review - Property

Efficient Construction, Project Launches And Land Bank Expansion

During the year, our property division maintained its focus on building an increasing number of quality affordable homes for Malaysians annually while expanding our land banks across Peninsular Malaysia to position itself for future growth prospects.

TOTAL COMPLETED UNITS (UP TO FY2020):
23,546 UNITS

TOTAL COMPLETED AFFORDABLE HOMES UNITS (UP TO FY2020):
21,531 UNITS

TARGETTED AFFORDABLE HOMES TO COMPLETE BY 2028:
50,000 UNITS

Description	FY2019 Units	FY2020 Units	TOTAL UP TO FY2020 Units
Affordable Homes Completed	1,338	2,988	21,531

The Group's business model of developing affordable homes that address the current property ownership challenges faced by the low-to-middle-income populace has put the division in good stead during FY2020.

Demand within this housing segment remained relatively stable despite the COVID-19 pandemic and is expected to stay fairly resilient for the foreseeable future, providing a positive outlook for current and upcoming developments.

Despite disruption to business operations and constructional works occasioned by the implementation of the MCO from 18 March 2020 to 3 May 2020, the property division rose to the challenge and expedited works at its worksites when operations restarted in the fourth quarter of FY2020.

Constructional works were carried out in strict compliance with the SOPs put in place at all projects sites. Successful completion and delivery of homes in our various projects in Johor, Melaka and Perak during the financial year has placed us on track to achieve our vision to complete 50,000 units of affordable homes by 2028.

LAND BANKS AT A GLANCE

Scientex steadfastly continued with our land bank acquisition strategy in FY2020, with a total of three acquisitions officially completed during the financial year. As at the financial year ended, the acquisition processes for an additional six parcels of lands are ongoing.

TOTAL LAND BANKS AS AT 31 JULY 2020	TOTAL LAND BANKS DEVELOPED	TOTAL LAND BANKS WITH ONGOING DEVELOPMENT	TOTAL LAND BANKS FOR FUTURE DEVELOPMENT	LAND BANKS ACQUISITIONS COMPLETED IN FY2020	NEW LAND BANKS PENDING COMPLETION
3,724 acres	1,987 acres	392 acres	1,345 acres	432 acres	1,983 acres

Acquisitions completed in FY2020 saw us increasing our land banks in Johor, further strengthening our position in Selangor through the completion of land acquisition in Kundang Jaya, while officially making our presence felt in Penang with the completion of our Tasek Gelugor land acquisition. Expansion activities in FY2020 saw new land bank acquisitions in Melaka, Negeri Sembilan, Selangor and Johor.

FY2020 Land Acquisition Completed

Kundang Jaya, Selangor	- 166 acres
Tasek Gelugor, Penang	- 180 acres
Kota Tinggi, Johor	- 86 acres

TOTAL CONSIDERATION (RM'000): **RM272,078**

Land Acquisition Pending Completion

Jasin, Melaka	- 158 acres
Seremban, Negeri Sembilan	- 109 acres
Cheras, Selangor	- 139 acres
Kundang Jaya, Selangor	- 18 acres
Bandar Jasin, Melaka	- 1,357 acres
Pulai, Johor	- 202 acres

TOTAL CONSIDERATION (RM'000): **RM696,649**

SUSTAINING OUR COURSE TOWARDS FY2023 AND VISION 2028

For FY2020, the Group successfully completed 2,988 units of affordable homes, with an accumulated total of 21,531 units of affordable homes being completed as at FY2020. By FY2023, the Group targets to complete 6,000 units of affordable homes per annum. Cumulatively, the Group aspires to construct and complete a total of 50,000 units of affordable homes for Malaysians by 2028.

Operational Review - Property

OVERVIEW OF DEVELOPMENT PROJECTS

The Group's property division currently has projects across key regions of Peninsular Malaysia – Johor, Melaka, Central and Northern Region.

JOHOR

TOTAL LAND BANKS – 2,662 ACRES

COMPLETED	ONGOING	FUTURE
1,815 acres	208 acres	639 acres

AFFORDABLE HOMES COMPLETED IN FY2020:
1,569 units

TOTAL COMPLETED AFFORDABLE HOMES TO DATE:
18,562 units

Johor represents the state where our property division first commenced our development activities and it remains the stronghold region for the Group to this date.

In our Pasir Gudang development, a total of 228 units of double storey affordable terrace homes were completed in the current financial year to bring the project's total completed affordable homes as at the recently concluded financial year to 10,919 units, while Scientex Senai saw a further 180 units of affordable townhouses completed, bringing its total to 1,675 units of completed affordable homes.

The growing township of Pulai, which currently hosts 1,898 units of affordable homes is currently our most active project within the state. We completed 651 units of affordable homes and 191 units of double storey shops in FY2020 and have a total of 1,639 units of properties under construction.

The on-going development includes cluster homes, double storey terrace homes, Rumah Mampu Biaya as well as double storey shops. Meanwhile, in our development at Scientex Senai 2, the Group completed the construction of our first phase of 510 units of double storey terrace affordable homes in FY2020. On-going construction includes 195 units of double storey terrace homes and 98 units of three storey shop offices.

Our latest development, Scientex Amber Land offers 336 acres of mixed development consisting of landed residential and commercial properties surrounded by various amenities and is expected to provide more than 4,500 units of properties upon completion. We marked our maiden launch in the second quarter of the current financial year. In total, for the current financial year, we have launched 955 units of affordable homes, comprising 555 units of double storey terrace homes and 400 units of 2.5 storey terrace homes.

Looking ahead, our newly acquired 85.7 acres of development land in Kota Tinggi has been earmarked to provide mainly residential landed affordable homes, and we look forward to complete the acquisition of our land bank in Pulai in FY2021, which will further contribute towards our vision of 50,000 homes by 2028.

Operational Review - Property

NEW LAND ACQUISITION PENDING COMPLETION

PULAI, JOHOR	
Land Title	Freehold
Land Size	202 acres
Description	Surrounded by established developments and strategically located next to our current Scientex Pulai and Scientex Amber Land developments. Easy access to Johor Bahru city centre via Johor Bahru-Senai Highway (Jalan Skudai) and Skudai-Pontian Highway and Jalan Kangkar Pulai.

ADOPTION OF ONLINE BALLOTING DURING THE MCO

Although the COVID-19 pandemic and the subsequent implementation of the MCO by the Malaysian Government had resulted in the cancellation or postponement of public events, the Johor state government was proactive in embracing digital platforms by holding the balloting of Rumah Mampu Biaya Johor (“RMBJ”) through Facebook (“FB”) live.

In accordance with the SOPs set forth by authorities, Scientex coordinated with Bahagian Perumahan Johor to conduct the balloting event for the RMBJ scheme through the FB Live platform.

The event, which was the first online live balloting event for Scientex, was organised to launch 420 units of Rumah Mampu Biaya Type C in Scientex Pulai (Taman Pulai Mutiara) development. The units were balloted at RM150,000 each in July 2020 at RTM Auditorium, Johor.

Menteri Besar of Johor, YAB Datuk Haji Hasni bin Mohammad, was in attendance as guest-of-honour to officiate the event together with Chairman of the Housing And Local Government Committee, YB Tuan Haji Ayub bin Jamil, and Mr Alex Khaw, Chief Operating Officer of our property division.

During the FB live balloting event, an overwhelming total of 582 eligible candidates bidded for the 336 units of public quota, with all units being successfully balloted and taken up.

In support of the Johor state government’s initiative to build affordable housing under its RMBJ scheme, Scientex plans to launch another 3,000 units of RMBJ within the next 3 years.

“Dahlia" double storey homes in Scientex Amber Land

Online live balloting event for RMBJ scheme in Scientex Pulai

Operational Review - Property

MELAKA

TOTAL LAND BANKS – 548 ACRES

COMPLETED	ONGOING	FUTURE
124 acres	146 acres	278 acres

AFFORDABLE HOMES COMPLETED IN FY2020:	TOTAL COMPLETED AFFORDABLE HOMES TO DATE:
660 units	**1,900 units**

Following in the success of our first Melaka development at Ayer Keroh, which comprises 1,321 units of mixed development including 1,240 units of affordable homes, Scientex has continued to grow its presence in Melaka through our Durian Tunggal development that was launched in late 2017.

Scientex Durian Tunggal, which has received overwhelming response, completed a total of 660 units of double storey affordable terrace homes in FY2020. In FY2020, we launched a total of 888 units of affordable homes, comprising 522 units of double storey Rumah Mampu Milik terrace homes and 366 units of double storey terrace homes. Take-up rates have been encouraging. With more than 1,800 units of properties still undergoing construction, this development is well en route to establish itself as a new integrated township in Melaka.

A total of 234 units of double storey terrace homes at our latest development in Melaka, Durian Tunggal 2, were recently launched in July 2020 and are currently under construction.

The Group is also looking forward to complete the acquisition of two new land parcels in Jasin, Melaka during FY2021.

Artist's impression of Scientex Durian Tunggal 2

Part of our completed project in Scientex Durian Tunggal

NEW LAND ACQUISITION PENDING COMPLETION

JASIN, MELAKA	
Land Title	Freehold
Land Size	158 acres
Description	Strategic location with just 18 minutes to Ayer Keroh Toll, 16 minutes to Jasin Toll, 7 minutes to Jasin Hospital. Close to nearby amenities and commercial developments.

BANDAR JASIN, MELAKA	
Land Title	Freehold
Land Size	1,357 acres
Description	Strategic location between Jasin town, Melaka City and Muar and is easily accessible from the North-South Expressway.

Operational Review - Property

CENTRAL REGION

TOTAL LAND BANKS – 334 ACRES

COMPLETED	ONGOING	FUTURE
48 acres	38 acres	248 acres

AFFORDABLE HOMES COMPLETED IN FY2020:	TOTAL COMPLETED AFFORDABLE HOMES TO DATE:
759 units	**1,069 units**

Within the Central region of Malaysia, which includes Selangor and Perak, we have two completed developments, two ongoing developments and one newly acquired land bank that offers exciting prospects for the future.

For our Scientex Meru development, we completed a total of 759 units of affordable homes comprising service apartments, double storey terrace homes and double storey Rumah Mampu Milik. A further 288 units of double storey Rumah Mampu Milik are still under construction.

Scientex Rawang marks our maiden entry into the state of Selangor. It spreads over 66 acres of prime freehold land and is situated near Rawang town, in close proximity to matured neighbourhoods and amenities such as AEON Rawang Shopping Mall, KPJ Rawang Specialist Hospital as well as integrated transportation, education and commercial hubs. Our first launch of 210 units of double storey terrace homes and double storey semi-detached homes are currently under construction and is expected to be completed in the third quarter of FY2021. Our second phase with 239 units of double storey terrace homes and double storey semi-detached homes was launched in August 2020, with a good take-up rate being registered to date.

In FY2020, we have also successfully completed the acquisition of 166 acres of development land in Kundang Jaya in December 2019, presenting more opportunities for Scientex to expand in Selangor. Scientex Kundang Jaya is a freehold mixed development which consists of both residential houses and commercial properties. It is easily accessible via KL-Kuala Selangor Expressway ("LATAR"), North-South Expressway and Guthrie Corridor Expressway. These highways are easily connected to the New Klang Valley Expressway ("NKVE") and Damansara-Puchong Expressway ("LDP"). The Kuang KTM Station is also adjacent to the development and is connected to the Sungai Buloh Integrated Transport Terminal.

The first four phases consist of 918 units of double storey terrace homes and three storey terrace homes, which are slated to be launched by FY2021. With our pre-launch awareness activities, response has been overwhelming, particularly since the completion of our sales gallery and show units at Kundang Jaya.

The Group is also upbeat about our most recent land acquisitions at Seremban and Selangor, which are slated to be completed in FY2021.

"Clivia" double storey terrace homes in Scientex Rawang

Service apartment in Scientex Meru 2

Operational Review - Property

Artist's impression of our development land in Kundang Jaya, Selangor

NEW LAND ACQUISITION PENDING COMPLETION

SEREMBAN, NEGERI SEMBILAN	
Land Title	Freehold
Land Size	109 acres
Description	Proximate access to PLUS Highway (Seremban/Labu exit) in 10 minutes and LEKAS Highway (Seremban exit) in 15 minutes. Nearby to schools, medical centres, amenities and commercial centres.

KUNDANG JAYA, SELANGOR	
Land Title	Freehold
Land Size	18 acres
Description	Easily accessible via LATAR, North-South Expressway and Guthrie Corridor Expressway. Located next to the current Scientex Kundang Jaya development.

CHERAS, SELANGOR	
Land Title	Freehold
Land Size	139 acres
Description	Located about 8km Northeast of Cheras town and nearby established suburban developments such as Taman Connaught, Cheras Bt 9, Cheras Mahkota, Sg Long, Tmn Tun Hussein Onn and others. Easy access to Cheras-Kajang Expressway. Close to schools, hypermarket, MRT station and university.

NORTHERN REGION

TOTAL LAND BANKS – 180 ACRES		
COMPLETED - acres	ONGOING - acres	FUTURE 180 acres

Scientex has embarked on our first Northern region development project in Penang that is strategically located in Tasek Gelugor within the Seberang Perai Utara district.

Scientex Tasek Gelugor spans 180 acres of prime freehold land slated to offer a total of 2,332 units of double storey terrace houses. The affordably priced homes are designed for modern lifestyles with functional layouts affording ample space for everyone and catering for every activity.

Scientex Tasek Gelugor is designed to appeal to the younger generation or couples looking for their first dream home, as well as homebuyers who desire urban living setting amidst a refreshing green environment. This mixed development marks the expansion of the Scientex brand name to the Northern region as part of its overall "cross boundary" strategy. Our first official launch is targeted in early FY2021.

TASEK GELUGOR, PENANG	
Land Title	Freehold
Land Size	180 acres
Description	Strategically located in Tasek Gelugor, along Jalan Kubang Menerong. It is about 8km to North-South Expressway and Kepala Batas. It is close to amenities such as educational institutions, shopping malls such as Tesco, Mydin, Sunshine, recreational parks and healthcare facilities.

Artist's impression of double storey terrace homes in Scientex Tasek Gelugor

Artist's impression of our development land in Tasek Gelugor, Penang

Sustainability Statement

INTRODUCTION [102-1]

At Scientex Berhad (hereinafter referred to as "Scientex" or the "Group"), we adopt a cohesive approach to sustainability that is prefaced on balancing the varied needs of our key stakeholders - in particular our customers, employees and regulators - with our imperative of continued growth. By aligning the interests of the Scientex Community with our financial and operational goals, we are well placed to ensure that the achievement of these goals has a positive direct effect on long-term value generated for the people, the environment and society at large.

OUR REPORTING APPROACH

SCOPE AND BOUNDARY [102-1, 102-45]

- This statement includes Scientex's Malaysian subsidiaries excluding joint ventures, associates and all foreign entities whether wholly or partly owned by the Group or associated with the Group through collaborative business activities;
- Discloses Scientex's economic, environmental and social impacts, its approach to managing these impacts, and thus contributions towards the goal of sustainable development; and
- Covers the two main business divisions of the Group, namely the packaging division and the property division

For a full list of entities covered by this statement, kindly refer to Note 16 to the Audited Financial Statements of the Company for the financial year ended 31 July 2020.

REPORTING FRAMEWORK [102-54]

This statement has been prepared in compliance with the sustainability reporting requirements of Bursa Malaysia. Content has been defined in line with the Reporting Principles of Global Reporting Initiative ("GRI"), namely:

- Stakeholder Inclusiveness: Capturing stakeholders' expectations and concerns;
- Sustainability Context: Presenting performance in the wider context of sustainability;
- Materiality: Identifying and prioritising the key sustainability issues that Scientex needs to address, and;
- Completeness: Reporting all sustainability matters that are relevant to Scientex and which may influence its stakeholders

This statement has been prepared in reference to GRI Standards covering the following key sustainability topics; (i) Affordable Housing (ii) Product Innovation (iii) GRI 306 Waste Management (iv) GRI 403 Occupational Safety and Health (v) GRI 413 Local Communities. The relevant GRI indicator numbers are specified in parentheses next to the corresponding paragraph in which relevant disclosures are contained.

A GRI Content Index is available at the end of this statement.

REPORTING PERIOD AND CYCLE [102-50, 102-51, 102-52]

The Group follows an annual reporting cycle, and the period covered by this statement runs from 1 August 2019 to 31 July 2020 ("FY2020"). For reference, the Group's most recent Sustainability Statement was published on 18 November 2019.

KEY STAKEHOLDERS [102-40, 102-42, 102-43, 102-44]

Five key stakeholders were considered in the course of this statement. These stakeholder groups were selected on the basis of:

1) The degree to which they may be affected by or have the power to affect the Group's economic, environmental and social impact; or
2) The degree to which they have the power to affect or impact the Group's reputation in the markets that it serves, which may enhance or diminish the Group's ability to make a positive economic, environmental and social impact through its products and services

For purposes of comparability, the five key stakeholders are identical to the stakeholders set out in the broader Scientex Integrated Annual Report of which this statement is a subset. Please refer to 'Key Stakeholder Engagement' on page 39 for more information on our stakeholders.

Regular stakeholder communication is carried out in the course of each financial year where stakeholders are consulted on identified economic, environmental and social topics. The Group's approach to stakeholder engagement and a summary of key topics and concerns raised are detailed in the table below.

Stakeholders	Mode of Engagement	Frequency of Engagement	Concerns
Customers	• Customer feedback • Social media engagement • Working with customers as part of the product development process	AWR	• Meeting product expectations in terms of quality, cost, price and delivery standards • Delivering new and innovative products • Utilising resources responsibly
Suppliers	• Attendance at technical seminars organised by suppliers • Regular supplier meetings and online/offline communication • Site visits • Exhibitions and trade fairs	PR AWR	• Maintaining industry best practices in procurement • Ensuring timely payouts to suppliers
Employees	• Quarterly Rolling Budget ("QRB") dialogues • Employee performance appraisals • Employee engagement events • Team building activities • Regular meetings	PR AWR	• Continued engagement and motivation of employees • Maintaining safe and conducive work environments • Remaining in compliance with local labour laws and regulations
Investors and Shareholders	• General meetings • Scientex Integrated Annual Report • Investor relations engagements • Scientex website	AN PR AWR	• Maintaining a reputation for upholding industry best practices in corporate governance and social responsibility • Maintaining a growth trajectory
Governments and Regulators	• Regular meetings and consultations • Attendance at regulator-organised seminars and training sessions • Regular electronic-based communications • Participation in dialogues and forums	AWR	• Supporting the government's policies in the area of providing affordable homes to middle and lower income Malaysians • Remaining in compliance with local environmental laws and regulations • Continued attainment of international standards and certifications in key areas of business

KEY:
AN = Annually PR = Periodically AWR = As and when required

CONTACT POINT [102-53]

This statement is contained in our Integrated Annual Report for FY2020 and is accessible at www.scientex.com.my/financial-reports. You may email your feedback regarding sustainability matters to us at info@scientex.com.my.

Message From The Managing Director [102-14]

It is with great pride that I present our Sustainability Statement for FY2020. In line with our vision 'To Grow The Scientex Community for a Better Tomorrow', this statement is a clear reflection of our commitment to sustainability that extends beyond the products we create and forms an integral driving force behind our continued evolution as an organisation.

The United Nations defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" and I believe this definition is especially apt in the context of how we do business at Scientex. Our purpose as an organisation is tied to providing for the needs of our customers, whether that be in protection, convenience, hygiene and food or product waste reduction in packaging or through providing affordable yet quality homes to Malaysian house buyers. These priorities drive long-term economic, environmental and social benefit, yet meet our growth imperative as a business.

Responding quickly to market trends and embracing new technology is key to our continued success. In our packaging division, we have catered to the rising demand for recyclable packaging solutions by becoming the first company in Malaysia to develop fully recyclable mono-material laminate packaging, which we have since successfully commercialised. In addition, through strategic investments in advanced machineries and synergistic companies, we have been able to develop and launch solutions which provide improvements in food safety and hygiene while enhancing protection and prolongation of the shelf life of the food or product being packaged.

Furthermore, as we continue to make conscious effort to reduce wastage through internal recycling initiatives and by optimising use of resources as part of our overall effort to protect the environment, our stretch film and other products continue to play an effective role in the facilitation of global trade through warehousing, transportation and the logistics industry. All of this is only possible through a wholehearted commitment across our entire value chain.

Our property division is an ideal demonstration of the benefits that can be derived when societal and business visions are unified. Since our first foray into the sector, we have built over 20,000 homes valued at under RM500,000, and our aim is to complete 50,000 of such homes by the year 2028. We see tremendous upside potential in affordable home development which, aside from being a reliable market for the Group's growth, also enables us to provide a better quality of life to Malaysian society as a whole. We have also continued to adopt standardisation and land use enhancement techniques that have improved the quality of the homes we are able to offer to our customers at specific price points.

In this year's Sustainability Statement, we have furthered our alignment with the globally respected GRI Standards, with disclosures that can be benchmarked against local and international peers. In doing so, we embarked on a more holistic approach to defining report content and key sustainability topics that involved stakeholder consultation and in-depth consideration of the sustainability context in which we operate. As a result, we have streamlined the focus of this statement to five essential topics that we believe cover the spectrum of our business interests and the many connections its attendant activities maintain with the environment and society.

In addition to our sustainability topics, I encourage you to read our special section detailing some of the ways that we have sought to reach frontline workers and society's most vulnerable in light of the challenges brought about by the COVID-19 pandemic. With safety, hygiene and shelf life prolongation at the very top of the global agenda in light of the pandemic, we have utilised our expertise in flexible plastic packaging to assist those in need. Let us all continue to stay united in this unprecedented time as we look forward to better days ahead, and remain conscious of the ways in which we can help our fellow human beings.

We appreciate you taking the time to understand our commitment to sustainability through this statement, and thank you once again for your continued support of our business.

LIM PENG JIN
Managing Director/Chief Executive Officer

ORGANISATIONAL OVERVIEW

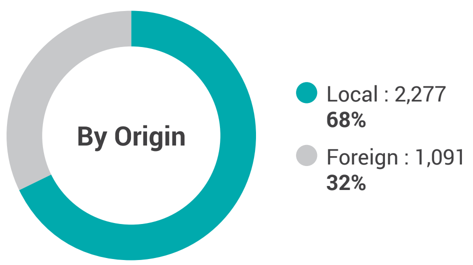
OUR SIZE AND SCALE [102-2, 102-3, 102-4, 102-5, 102-6]

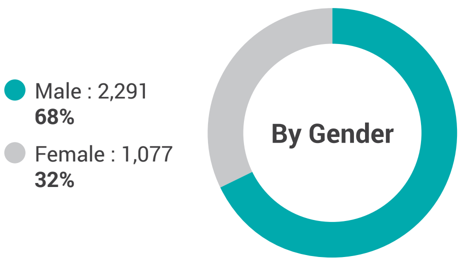
Scientex Berhad is a public listed company headquartered in Selangor, Malaysia, with interests in the production of flexible plastic packaging (our "packaging division") and development of affordable housing (our "property division").

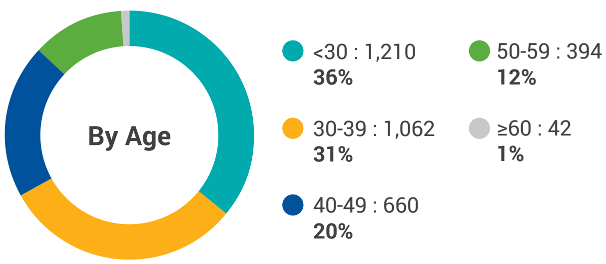
Through our packaging division, our products have attained significant international reach. We are presently one of the world's largest producers of industrial stretch film and, along with industrial and consumer-targeted flexible plastic packaging, our exports reach more than sixty countries in five continents worldwide. Our property division, to date, has completed construction of 21,531 units of affordable homes across five states out of a total of 23,546 units of homes completed, placing us as one of Malaysia's leading developers of affordable homes.

OUR WORKFORCE [102-7, 102-8, 102-41]

We employ a diverse workforce by gender, ethnic background and generation, with a focus on providing job stability and strong career advancement opportunities for Malaysians. A full breakdown of our workforce can be viewed below.







OUR SUPPLY CHAIN [102-9, 102-10]

A trusted list of suppliers and service providers help us reach our output targets across our packaging and property divisions. Through long-term partnerships, we have ingrained sustainable practices that promote optimal economic, environmental and social impacts amongst our supplier base. We also strive to engage Malaysian suppliers wherever possible in order to maximise our positive impact on the local economy. Presently, 100% of materials used in our property division are procured from Malaysian suppliers.

MEMBERSHIP OF ASSOCIATIONS [102-13]

Our long standing commitment to sustainability is evidenced by our membership in associations that are aligned with the positive economic, environmental and social outcomes which we seek to enable.

A full list of associations of which we are a member organisation is listed in the table below. Our memberships allow us to stay abreast of the most current trends and standards in environmental protection, health and safety and workforce management, while bolstering our credibility amongst potential end customers and business partners across our packaging and property divisions. In tandem, these benefits enhance our ability to produce and sell products which have a positive social and environmental impact.

Association	Relevant Business Division	Role
Malaysian Plastics Manufacturers Association ("MPMA")	Packaging	- Member - Representative in Central Committee
Malaysian Employers Federation	Packaging	- Member
Federation of Malaysian Manufacturers ("FMM")	Packaging	- Member
Real Estate and Housing Developers' Association	Property	- Member

Sustainability Statement

EXTERNAL INITIATIVES [102-12]

We also participate in various external initiatives - either governmentally or internally organised - which further our positive economic, environmental and social impact. These initiatives in FY2020 are detailed in the table below, and further information can be accessed by reading the 'Local Communities' section of this sustainability statement on page 90.

Initiative	Nature of initiative
The Green Truck	Voluntary
MPMA-DOW-SCIENTEX School Environmental Challenge 2019	Voluntary
Sponsorship of Cancer Research Malaysia (1 Jan 2018 - 31 Dec 2019)	Voluntary
Live Balloting Event for Rumah Mampu Biaya C	Voluntary
Federal and state-level affordable housing initiatives • Rumah Mampu Biaya (Johor) • Rumah Mampu Milik (Melaka) • Rumah Belia Melaka (Melaka) • Rumah Mampu Milik (Selangor) • Rumah Selangorku (Selangor)	Voluntary
Initiatives undertaken in response to COVID-19	Voluntary

SUSTAINABILITY GOVERNANCE

GOVERNANCE STRUCTURE [102-18, 102-20, 102-22]

A three-tiered sustainability governance structure ensures that consideration of economic, environmental and social topics is ingrained in our organisational processes.

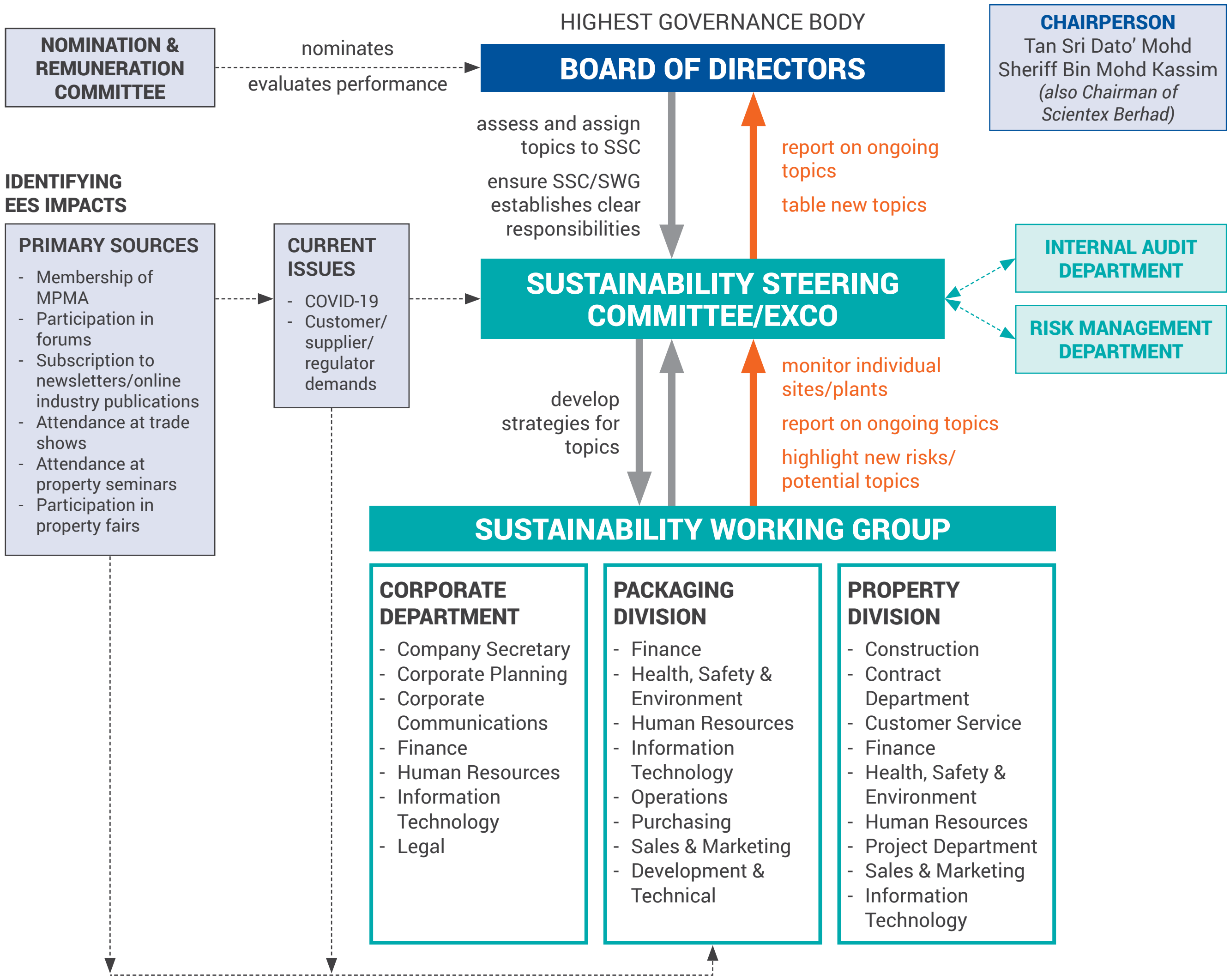
Spearheading the Group's sustainability agenda is the Board of Directors ("BOD"), which delegates sustainability tasks based on identified economic, environmental and social topics to the Sustainability Steering Committee ("SSC").

The SSC comprises members of the Executive Committee ("EXCO") and is led by MD/CEO Mr Lim Peng Jin. It is responsible for developing suitable strategies for the topic and subsequent task in question, which are in turn carried out by the Sustainability Working Group ("SWG").

Depending on the sustainability topic in question, the SWG may comprise of representatives from any of the departments under the Group's corporate department, its packaging division and its property division. This flexible structure enables that the department in question has a suitable voice in the implementation of the strategy in question and is able to adequately provide feedback throughout the sustainability governance structure. Through well-established data management processes, outcomes of strategies are then reported by the SWG to the SSC, who then report directly to the BOD.

The Group's system of sustainability governance is detailed in the diagram below, annotations to which elaborate on the relationships and functions of each of the key bodies in achieving desirable economic, environmental and social impacts.

Sustainability Statement



Nomination of Board of Directors [102-23, 102-24, 102-28]

- The BOD members are nominated by the Nomination and Remuneration Committee, who is also responsible for evaluating their performance on sustainability issues through peer evaluation processes

Identifying Economic, Environmental and Social Topics [102-21, 102-27, 102-29]

- The SSC is responsible for identifying and shortlisting potential topics as and when new information and/or trends occur or become available
- Regular subject briefings at EXCO meetings provide an opportunity for employees who have identified potential topics independently or at a departmental level to disseminate this knowledge throughout the sustainability governance structure
- Stakeholders are consulted on potential topics through meetings and ongoing surveys

Relationship Between BOD and SSC
[102-19, 102-23, 102-24, 102-26, 102-32]

- The SSC is responsible for tabling potential sustainability topics for the BOD's consideration, based on the process of identifying Economic, Environmental and Social Topics
- As the highest governance body, the BOD also plays a broader role in the oversight of sustainability reporting by ensuring that the SSC:
  - establishes sustainability data management systems
  - documents sustainability reporting processes and controls
  - engages the internal audit department for the purpose of sustainability reporting, in addition to encouraging a check and balance audit by the operations team

Sustainability Statement

- engages the risk management department for the purpose of sustainability reporting

Relationship Between SSC and Business Divisions/ Departments [102-23, 102-24, 102-30]

- The SSC works collaboratively with the SWG to implement strategies for the optimisation of economic, environmental and social impacts within the topic boundary, with its progress reviewed in monthly management meetings
- These monthly management meetings also provide heads of individual departments the opportunity to highlight potential sustainability topics to the SSC, which are determined based on established risk management practices. If deemed relevant to the Group's sustainability agenda, these topics will then be elevated by the SSC for consideration by the BOD *(refer to 'Relationship Between BOD and SSC' on page 75)*

KEY SUSTAINABILITY TOPICS

IDENTIFICATION OF TOPICS [102-46, 102-47]

Identification of key sustainability topics is critical to the management and optimisation of our short, medium and long term economic, environmental and social impacts.

For FY2020, five key sustainability topics were selected. This represents a decrease in the number of topics under consideration and was a conscious decision made in order to focus solely on topics which are deemed to have a large bearing on the Group's overall economic, environmental and social impact, as well as a major influence on stakeholder assessments and decisions. In addition, topics were included on the basis of the breadth of their relevance to multiple key stakeholders and their relevance in the broader context of sustainability in the world today. As such, each topic is given more comprehensive coverage in this year's statement.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

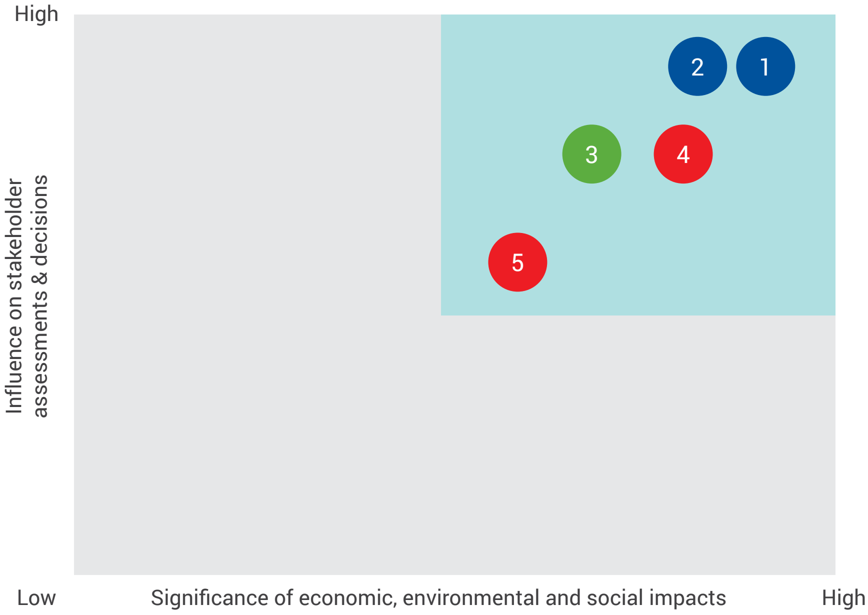
The five key sustainable topics have furthermore been cross-referenced against selected United Nations Sustainable Development Goals to which the Group is aligned, as detailed below:

No.	Topic	United Nations Sustainable Development Goals
1	Affordable Housing	1 NO POVERTY; 11 SUSTAINABLE CITIES AND COMMUNITIES
2	Product Innovation	3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
3	Waste Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
4	Occupational Safety and Health	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
5	Local Communities	3 GOOD HEALTH AND WELL-BEING

SUSTAINABILITY MATERIALITY MATRIX

The five selected key sustainability topics were then plotted onto a matrix for better visualisation of their importance to business operations and the Group's stakeholders.

Materiality Matrix



List of identified key sustainability topics

1. Affordable Housing
2. Product Innovation
3. Waste Management
4. Occupational Health and Safety
5. Local Communities

Legend

- Economic
- Environmental
- Social

IMPACT ON KEY STAKEHOLDERS

The five key sustainability topics were then mapped against key stakeholders that they are relevant to in order to provide context to their actual or potential effect on economic, environmental and social outcomes.

Key Sustainability Topic	Key Area of Impact	Stakeholders	Effect on Economic, Environmental and Social Outcomes
Affordable Housing	Economic	- Customers - Investors and Shareholders - Governments and Regulators	- Scientex supports the government's National Housing Policy, which promotes the development of affordable houses - Our development of affordable homes in support of government policy positively impacts our perception amongst investors, shareholders and the community - As one of the country's leading affordable housing developers, our continued focus in this area has a significant positive impact in terms of providing home ownership to middle to lower-income Malaysians, encourages township creation and urbanisation

Sustainability Statement

Key Sustainability Topic	Key Area of Impact	Stakeholders	Effect on Economic, Environmental and Social Outcomes
Product Innovation	Economic	- Customers - Suppliers - Governments and Regulators	- Consumer preferences are shifting towards fully recyclable packaging products while food safety, shelf life and hygiene continues to be high on the agenda - Our ability to innovate products in this direction, and meet the needs of our customers, dictates our competitiveness in the fast moving markets in which we operate - Through close collaboration and consultation with our clients, we are able to develop products that are market ready and highly relevant to consumer needs, thereby empowering continued growth and the ability to provide stable, long-term value creation
Waste Management	Environmental	- Customers - Suppliers - Governments and Regulators	- Responsible disposal of waste, and compliance with environmental laws and regulations, are critical components of effective environmental management - Our stakeholders have a vested interest in doing business with organisations who comply with waste management processes
Occupational Safety and Health	Social	- Employees - Governments and Regulators	- Our compliance with local labour laws and regulations is non-negotiable in ensuring the safety and health of our employees - Adopting industry best practices in this area also helps us attract and retain the best talent, thus enhancing our overall ability to sustain growth and make a positive impact in the medium to long term
Local Communities	Social	- Customers - Investors and Shareholders - Governments and Regulators	- As a custodian of the land upon which we build and a major manufacturer, we have a duty to educate the community on environmentally friendly practices and their importance - By taking an active role in community involvement, we are better placed to create awareness of our affordable housing solutions and environmental awareness, which brings significant benefit to the local community

Sustainability Statement

AFFORDABLE HOUSING

Our development project in Pulai, Johor

WHY IT MATTERS [103-1]

Affordable housing has been a cornerstone of our corporate and investment strategy since our first property development in Pasir Gudang, Johor, in 1995. With the ever-increasing cost of home ownership and the decrease in average household size raising the baseline of demand for housing *(refer to 'Market Review, Outlook and Trends - Property' on page 34)*, the need for affordable housing amongst the Malaysian populace has increased markedly over the past two decades. This has made the issue one of broad societal importance, as house ownership can enable household stability and security.

In the past decade, the Malaysian government has made consistent efforts to aid middle to lower income Malaysians, collectively referred to as the M40 and B40 income groups to purchase their first home. This imperative is enshrined in the National Housing Policy, which introduces policies and schemes to lower barriers to purchasing. We are supporting this policy wholeheartedly by committing to complete 50,000 affordable homes by 2028, bringing further benefit to a vast cross-section of society while enhancing our brand value as a reliable property developer.

This statement looks at affordable housing across the Group's property division, which operates solely in Malaysia.

HOW WE APPROACH IT [103-2]

Our approach to maximising economic and societal benefit with affordable housing while maintaining sustainable growth for the Group rests upon two core goals:

1) Maximising population reach
2) Optimising speed, cost and quality

By focusing on reaching as many Malaysians as possible, while efficiently building quality homes, we can in turn optimise our impact on society. The table below outlines some of the key strategies employed in both of these areas to achieve this desired outcome.

Sustainability Statement

Goal	Strategy
Maximise Population Reach	- Deployment of "Cross Boundary Development Strategy", where we have acquired land banks outside our traditional stronghold of Johor in order to provide affordable housing to a wider cross-section of the Malaysian population. As of FY2020, we have land banks in Johor, Melaka, Selangor, Perak and Penang - Assignment of dedicated team to source suitable and cost competitive land banks for continued expansion - Adoption of digital technology and social media campaigns to effectively target and convert our target audience - Consistent reinvestment of operating profits into expanding land bank footprint
Optimise Speed, Cost and Quality	- Standardisation of house designs in order to ensure effective cost management and timely construction periods while maintaining quality - Adoption and enhancement of tried and tested land space designs for land use optimisation - Enhanced use of Industrialised Building System practices

In summation of the table above, providing affordable homes is at the very core of the purpose of our property division and our competitive edge in this respect is gained by purchasing more suitable land banks at competitive costs and controlling construction costs through standardised home designs and mass production. This leads to cost advantages which we can pass on to home buyers, thus generating societal value in the process.

OUR PERFORMANCE [103-3]

Underpinning the continued growth in affordable homes developed is a vision of completing 50,000 units of affordable homes by the year 2028. With guidance from the Chief Operating Officer of the property division, housing units completed and sold are tracked on a periodic basis. Targets are assigned to each ongoing development and are discussed on a constant basis by the respective project team, with the progress of each project reviewed on a monthly basis in management meetings.

In FY2020, we completed the acquisition of a total of 432 acres of development land including approximately 166 acres of freehold development land in Kundang Jaya, Selangor, 180 acres of freehold land in Tasek Gelugor, Penang, and 86 acres of leasehold land in Kota Tinggi, Johor. The varied locations of these land banks is consistent with our "cross boundary development strategy" which necessitates widening our exposure to populations of multiple Malaysian states. For more information on land acquisitions executed in FY2020, please refer to page 63.

In terms of volume of homes built, FY2020 saw an additional 2,988 units of affordable homes being completed, bringing our total to 21,531 units of completed affordable homes across all projects. As the table below shows, we are making steady progress towards our vision.

Affordable homes completed units to date (cumulative)

PRICE RANGE (RM)	2018	2019	2020
<100K	2,639	2,639	2,639
100K-200K	8,237	8,545	9,365
200K-300K	2,445	2,445	3,452
300K-400K	3,179	3,607	4,482
400K-500K	705	1,307	1,593
Total	**17,205**	**18,543**	**21,531**

As of FY2020, the total percentage of completed units of affordable homes sold is approximately 98.6%.

Sustainability Statement

A view of terrace units at our Scientex Pasir Gudang in Johor

A view of our Scientex Senai in Johor

Sustainability Statement

PRODUCT INNOVATION

WHY IT MATTERS [103-1]

The flexible plastic packaging market is globally present and highly resilient, with a major and growing footprint in the food and beverage, personal care, household care, and healthcare industries, amongst others. As awareness of the impact of plastics on the environment grows amongst consumer groups, leading conglomerates such as Nestle, Unilever and PepsiCo have set targets for their transition to fully recyclable or compostable packaging solutions. Therefore, it is incumbent upon leading manufacturers such as Scientex to lead the way in developing such solutions for the benefit of customers, to fulfil consumer preferences and for the long-term preservation of the environment.

HOW WE APPROACH IT [103-2]

Our efforts in terms of product innovation focuses on:

- **Developing sustainable packaging solutions**
- **Developing packaging solutions in line with customer needs and market trends**
- **Developing packaging solutions that reduce food and product wastage by extending shelf life**
- **Downgauging films to reduce raw material consumption while maintaining functionality**

Sustainability Statement

Our innovations are made possible due to our ability to develop new products and solutions from end to end. By acquiring strategic businesses across the value chain, we have been able to integrate our packaging supply chain from raw materials and production of plain and base films to more value added products, through processes such as printing, laminating, slitting and bag making. This gives us the means to effectively develop, produce and test prototypes for rapid and agile improvement and quick market rollout.

Close collaborations with customers and brand owners form the basis for market-centric innovation. Feedback is gained through regular review sessions which lay the groundwork for collaboration on developing new products which are geared to our customers' specific needs, as well as collaborations that unlock improved product value.

Continual investment in enhanced capabilities is another driver of innovation. In FY2020, some of the machineries that we have invested in and commissioned include:

- Two extrusion machines and two printing machines
- Fourteen machines for additional converting capabilities, printing, slitting, extrusion lamination, dry lamination and bag making, as well as a machine direction orientator capable of developing sustainable recyclable packaging

Development efforts are further supported by our two major technical centres, in Rawang and Melaka, which are home to sophisticated equipment for testing and evaluation. These capabilities are supplemented by laboratory facilities located at each manufacturing plant which house relevant testing equipment for the products produced at the plant in question. Added to a strong technical team with vast experience, this has encoded a strong company culture that actively embraces innovation at all levels of our operations.

Lastly, product innovation is encoded in our operational structure. Product Development & Technical, Sales and Operations departments are responsible for driving innovation across the entire organisation, and initiate collaborations between business units with management support in the form of machinery and equipment necessary to execute these collaborations.

OUR PERFORMANCE [103-3]

Outcomes in product innovation are measured through:

- Number of developments per year
- Number of product innovations commercialised per year

In FY2020, we started development on 192 new potential products. These developments will undergo extensive trials and tests to ensure that their product properties and functional performance are up to the requirements for their intended usage. In the evaluation of a suitable sustainable packaging solution, tests conducted might include those for sealing temperature and strength, packing speed, suitability for multi-lane packaging, leakage integrity and shelf-life barrier properties.

In terms of products commercialised, our results are shown below, indicating consistent achievement in terms of bringing new products to market.

Year	No. of products commercialised
FY2018	54
FY2019	56
FY2020	55

Product innovation highlights our ability to develop solutions that simultaneously provide benefit to our customers and make a significant environmental impact. Below are some of the product innovations which have been commercialised.

Mono-Material Laminates

Bricks packaging (Gusset bag)

Most flexible plastic packaging solutions found in consumer markets today consist of several layers of different types of plastic laminated with other non-plastic materials such as aluminium, amongst others. This composition enables preservation of contents for shelf life and food safety but makes recycling very difficult.

Sustainability Statement

With the benefit of our integrated structure, we are able to work closely with brand owners to create, develop and commercialise a sustainable and recyclable packaging structure that does not compromise on product functionality and quality. The mono-material laminates developed consist of multiple layers using the same type of plastic base, hence making it fully recyclable after use. Furthermore, our mono-material laminate solutions are able to satisfy current laminate properties and functional performance especially in terms of barrier to oxygen and moisture, machine ability to run, as well as aesthetics.

Our first mono-material laminate packaging solution was developed in collaboration with BOH Tea to replace its non-recyclable packaging of its 250g packs of loose tea leaves.

We are actively undergoing trials and developments with various brand owners for larger and smaller packs, single serve stick packs and sachets for coffee, cocoa, confectionery and pet food, amongst others, for further use of this effective and sustainable solution. With the shift of brand owners to more sustainable packaging solutions, we expect to see more commercialisation of sustainable packaging solutions in FY2021, upon completion of the keeping quality tests for taste and shelf life performance.

Some of our other successful mono-material laminate structures include solutions for confectionery, food and beverages and pet food packaging.

Thinner Stretch Film

4.5 micron stretch film

As one of the world's largest producers of stretch film, we set ourselves the target of developing stretch film with less film per wrap to reduce environmental impact. We have been developing down-gauge thin stretch film for more than a decade. Our 6 micron stretch film which has been developed in stages since 2014 has been very well received and we continue to improve and enhance on these products. The result of these development efforts is our latest ultra thin 4.5 micron film with reinforced edge, the world's thinnest stretch film produced direct from a cast line machine in a single process. The film enables significant cost savings through use of less raw materials, lower carton disposal and reduction in wastage when storing and transiting palletised goods.

BioPBS Film

TUV Austria certifications

Having observed growing demand from brand owners to reduce the environmental impact of their packaging solutions, we worked towards developing a fully degradable barrier packaging solution that meets stringent global quality requirements.

With the development of BioPBS (bio-based polybutylene succinate) film, a bio-based semi-crystalline polyester film, we are now able to offer a barrier packaging solution that is degradable at room temperature but nevertheless offers excellent sealant properties, barrier properties and has a low odour.

BioPBS film is suitable for various types of dry food like coffee capsules and tea leaves packing, and our solution has been awarded certification for both 'OK Compost Home' and 'OK Compost Industrial' by TUV Austria.

For more information on product innovation at Scientex, kindly refer to the *'Operation Review – Packaging'* section of this Integrated Annual Report, which can be found on page 56.

Sustainability Statement

WASTE MANAGEMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

WHY IT MATTERS [103-1, 306-1]

This statement considers waste generated from our packaging division only, specifically non-scheduled waste, which is defined as recyclable and non-recyclable plastic wastes generated from our production plants.

Waste is managed in accordance with the relevant country-level laws and regulations in terms of its storage, transportation and disposal. In addition, our production plants are equipped with various systems and capabilities to strive for optimal material usage, effective waste reduction methods as well as in line and external recycling capabilities to minimise negative impact on the environment.

HOW WE APPROACH IT [103-2, 306-2]

Our waste management approach starts with compliance with waste management requirements published by the Department of Environment, Malaysia. As of the date of this statement's publishing, the following entities in the Group are certified compliant with international standards for Environmental Management Systems.

Standard	Entity	Accredited since
ISO 14001:2015 (Environmental Management System)	Scientex Packaging Film Sdn Bhd - Pulau Indah	2005
	Scientex Great Wall (Ipoh) Sdn Bhd - Sungai Siput	2004
	Scientex Great Wall (Ipoh) Sdn Bhd - Chemor	2004
	Scientex Great Wall Sdn Bhd - Tanjung Kling	2018
	Scientex Great Wall Sdn Bhd - Rawang	2010
	Daibochi Berhad - Melaka	2011

Sustainability Statement

Efforts to minimise waste occur at the plant level, where plant managers are responsible for monitoring waste generation and disposal levels, and subsequently presenting these findings at monthly management meetings. In the event of an unexpected increase in waste generated, plant managers are to propose waste mitigation solutions for the approval of management.

With a rigorous focus on professional development, staff are also regularly sent for waste management related trainings. Training programmes in FY2020 include but are not limited to:

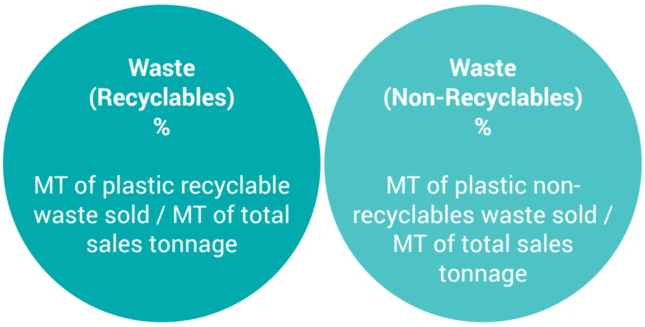
- *Managing Scheduled Wastes Towards People and Environment Protection and Cost Reduction*
- *High Performance Scheduled Waste Management Towards Cost Saving*
- *FMM Industrial Waste Management Conference 2019*
- *Certified Environment Professional in Scheduled Waste Management*
- *Scheduled Waste Management*

Aside from ongoing day-to-day waste mitigation measures, we continue to invest in advanced machinery that increases production efficiency or yield, hence reducing wastage generated. Our successful efforts in developing 100% recyclable mono-material laminate packaging and polypropylene ("PP") strapping bands, which are produced using a set percentage of recycled materials, marks our participation in the plastic circular economy. Moving forward, our product innovation efforts will continue to place focus on developing sustainable packaging solutions. *(refer to 'Product Innovation' on page 82)*

In addition, we also engage with external recycling services to convert non-recyclable waste into Processed Engineered Fuel. Non-recyclable production waste is delivered to a third-party waste-to-energy incineration facility and is free of asbestos, scheduled waste or any hazardous materials. The materials are converted into alternative fuel.

OUR PERFORMANCE [103-3]

Outcomes in waste management are measured against two indicators that are applied at all production plants:



MT: Metric tonnes

From the data collected, a major percentage of waste generated consists of recyclable waste. The increase in the proportion of recyclable waste as a percentage of total sales, with the amount generated in FY2020 at 5.0% from 3.5% in the previous financial year, is mainly due to our move up the value chain through acquisitions of companies and organic expansion which has resulted in the production of more value-added products which involve more converting processes such as printing, slitting, lamination and bag making.

As a general rule, the percentage of waste generated rises with the number of value-added processes in the production process, hence our aim is to enable a managed percentage of waste generated depending on the product mix produced.

Type	FY2018	FY2019	FY2020
Recyclable waste / sales tonnage	3.1%	3.5%	5.0%
Non-recyclable waste / sales tonnage (converted to alternative fuel)	-	0.5%	0.3%
Non-recyclable waste / sales tonnage (others)	-	-	0.8%
TOTAL WASTE / SALES TONNAGE	**3.1%**	**4.0%**	**6.1%**

OCCUPATIONAL SAFETY AND HEALTH

WHY IT MATTERS [103-1]

A happy, safe and secure workforce is key to talent attraction and retention, and a quality workforce is key to achieving our targets. By providing employees with working conditions that allow them to focus on their job without distractions or dangers related to safety and health, we can unlock greater efficiencies, grow capabilities and ultimately expand our capacity for growth. In addition, health and safety violations may result in fines from the national government or specific governing bodies, leading to disruptions in working hours that are associated with delays in production and/or project completion and subsequent economic loss.

This statement considers occupational safety and health ("OSHA") practices within the bounds of all worksites, and includes occupational health and safety practices such as:

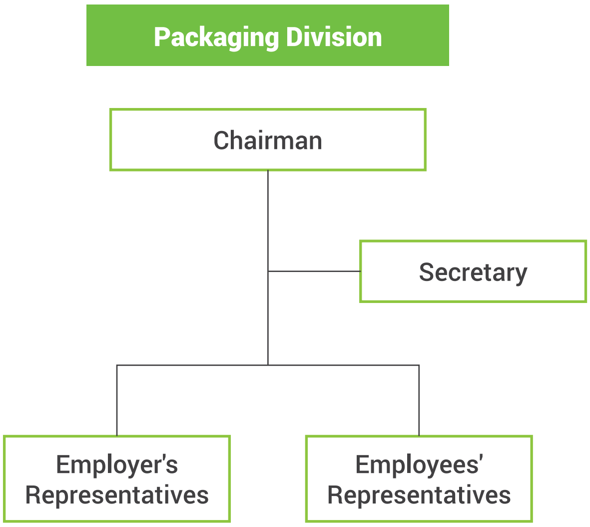
- Practices that increase safety and efficient flow of work at worksites
- Practices that avoid or reduce the chance of injury or fatal accidents
- Standard operating procedures to respond to injuries or fatal accidents at worksites
- Practices that provide employees with directions on what to do when faced with adverse situations

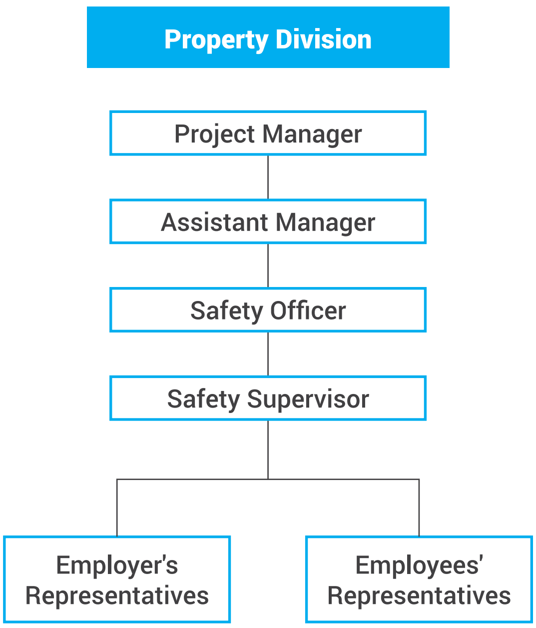
HOW WE APPROACH IT [103-2, 403-1, 403-2, 403-3, 403-4, 403-5]

Our commitment to occupational safety and health begins with compliance to all applicable laws and regulations in this area. All employees, contractors and consultants are required to follow a rigorous and detailed occupational safety and health policy at all worksites, while regular spot checks are carried out by OSHA committees or occupational health and safety officers located at each worksite to ensure continued compliance with the Malaysian Occupational Safety and Health Act 1994 and the Factories and Machineries Act 1967. As part of our remit to maintain our ISO 18001 certification at certain plants, we also undertake periodic internal audits and regular external audits to inspect the quality and efficacy of our occupational safety and health management systems.

Sustainability Statement

Our established structure for the management of occupational safety and health issues is designed to ensure that all employees have the means to flag potential issues which are then noted and elevated to management attention at monthly meetings. The diagram below explicates the structure of said OSHA committees. The OSHA committees comprise representatives from both employees and employers, a structure designed to encourage balanced discussion of issues.





This worksite-centric committee management structure also plays a key role in ensuring that adequate training is provided to all employees on occupational safety and health practices. Key training programmes and activities conducted in FY2020 include but are not limited to:

- *NIOSH - Training for Site Safety Supervisors*
- *CIDB AKREDIT - Training for Site Safety Supervisors*
- *Basic Occupational Health Services & Pelancaran Pelekat NADOPOD 2019*
- *Basic Occupational First Aid, CPR & AED / First Aid at Workplace Course*
- *Forklift Truck Safety Workshop*
- *Safety Training*
- *Fire Drill Awareness*

Total OSHA Training Hours (FY2020) = 7,294

In addition, weekly fogging is carried out at all property worksites to prevent breeding of Aedes aegypti mosquitoes, while periodic monitoring of worksites and living quarters ensures safe and conducive working and living spaces for employees.

Guided by our occupational safety and health management systems, we strive to achieve our objectives of reducing risk levels, eliminating or reducing the frequency of undesired incidents and accidents, and improving employee awareness of occupational safety and health practices.

Our work-related hazards and risk processes implemented include:

Sustainability Statement

Additionally, we empower our employees to remove themselves from hazardous work situations through a job risk analysis or re-assessment after worksite inspection. In the event of an accident, an internal incident reporting system is triggered, whereby the accident is reported to the Department of Occupational Safety and Health, and accident investigation and remedial processes are put into place.

Data on injuries and fatalities are presented by the head of each plant at the monthly management meeting. Should there be a new incident in the month in discussion, the head of the plant in question is responsible for providing a detailed explanation of the circumstances leading to the incident and plans to mitigate such incidents in future. The management team is then responsible for providing its view and developing initiatives for individual plants to put into action in order to mitigate against the risk in question.

OUR PERFORMANCE [103-3, 403-8, 403-9]

Outcomes in occupational safety and health are measured by the following key metrics:

- Percentage of workplace represented by both employer's and employees' representatives
- Number of minor injury - defined as an injury that prevents the said employee from performing his normal occupation for four days of work or less, including the day of accident
- Number of major injury - defined as an injury that prevents the said employee from performing his normal occupation for more than four days of work, including the day of accident
- Number of fatality

Percentage of workplaces represented by both employer's and employees' representatives

	Packaging	Property
The number of total workplaces	14 (Plants)	12 (Developments)
The number of total workplaces with OHSA committee/ practitioners	14	12
Percentage of workplaces that are represented by OSHA committees	100%	100%

In terms of worker representation in OSHA committees, we are proud to boast a 100% coverage rate across all our worksites, meaning that all employees at active worksites have access to an OSHA committee. It must be noted, however, that this calculation excludes property worksites with no active construction of buildings as yet as well as packaging plants outside of Malaysia.

Packaging

Accident Cases	FY2018	FY2019	FY2020
No. of Minor Injury	28	35	32
No. of Major Injury	31	32	30
No. of Fatality	-	-	-

Property

Accident Cases	FY2018	FY2019	FY2020
No. of Minor Injury	6	18	12
No. of Major Injury	-	-	-
No. of Fatality	-	-	1

Note: the fatality was a non-work related accident where the deceased worker was struck by lightning on his way to one of the property sites.

Sustainability Statement

LOCAL COMMUNITIES

3 GOOD HEALTH AND WELL-BEING

WHY IT MATTERS [103-1]

The betterment of the local communities in which our businesses operate is important not only from a corporate responsibility point of view, but also as an integral driver of the sustainability of our operations, in particular relating to both our packaging and property divisions.

Over the years, we have been collaborating with MPMA and other counterparts to participate in initiatives and campaigns such as the 3Rs (Reduce, Reuse and Recycle) awareness programmes as part of our efforts to promote a sustainable environment and to reduce environmental impact.

As one of the country's leading developers of affordable homes, our mission is interminably linked with assisting members of the local community to attain a higher standard of living and quality of life. Through affordable housing, we play an active role in township creation, linking roads and schools, and encouraging urbanisation. These community transformations do more than improve lives; they create job opportunities in the areas where we operate.

As such, our extensive work in the local community outside home building is a powerful tool for us to explicate our purpose as an organisation, thus enhancing our reputation.

ACTIVITIES IN FY2020 [413-1]

The Green Truck

The Green Truck is a mobile recycling truck designed to demonstrate the plastics recycling process on the spot. The idea of having such a truck was inspired by the vision of bringing plastics recycling closer to Malaysian students and the public. Public awareness towards recycling is still low as most people perceive recycling as just separating recyclables from non-recyclables and throwing them into respective recycling bins without understanding what happens beyond the bins. The Green Truck, fitted with simple educational recycling machines such as shredder, injection and extruder, is able to educate students and the public on what happens beyond the recycling bins, in specific the process involved in transforming plastics waste into new recycled plastics products.

Co-sponsored by Scientex and ExxonMobil Chemical in collaboration with MPMA, The Green Truck will be made available to schools and public events for education and awareness programmes in an effort to raise awareness on plastics as a valuable material and the importance of responsible plastics waste management through recycling.

MPMA-DOW-SCIENTEX School Environmental Challenge 2019

We consider it our duty to educate and mould students from a young age on waste management and recycling practices, including the 3Rs. Through the years, we have actively participated in various 3Rs activities involving school children. In FY2020, in partnership with MPMA and Dow Chemical, we participated in the MPMA-DOW-SCIENTEX School Environmental Challenge 2019. Our participation in this programme enabled us to reach two key audiences: teachers and students.

219 teachers from 217 schools attended a special seminar that disseminated correct and scientific infomation about plastics, waste management and recycling. Meanwhile, 11,900 students from 34 primary and secondary schools across Melaka took part in the Zero Waste Challenge, which included an awareness talk, a clean-up activity themed #PullingOurWeight, and recyclables collection activity.

As a marker of its success, the School Environmental Challenge 2019 has since received recognition as a case study of the private sector's involvement in education programmes at the National Convention on Parents, Community and Private Sectors Involvement organised by the Ministry of Education Malaysia on 26 November 2019.

Cancer Research Malaysia Sponsorship

In FY2018, we awarded a 2-year sponsorship of RM1.3 million to Cancer Research Malaysia ("CRMY"). Cancer Research Malaysia is a non-profit organisation in Malaysia dedicated to saving lives through breast cancer research, and the organisation leads one of the largest studies found in the world focused on Asian incidence of breast cancer. The sponsorship was used for research related expenditure in cancer genomics - a programme that aims to explore if there are differences in the cancers that arise in Asian and European women, and to use this information to discover new treatment options for Asian breast cancer patients.

With the assistance of our sponsorship, CRMY successfully completed the genomic characterisation of 1,000 breast cancer samples from Malaysian women, increasing Asian representation in breast cancer research 20 times over. Significantly, the study showed that there are some differences in the features of Asian breast cancers, and these are now being taken forward into the development of new therapies for Asian patients. We would like to extend our warmest congratulations to CRMY on this astounding achievement. We are proud and truly humbled to have participated in this meaningful and impactful mission.

Facebook Live Balloting Event

On 21 July 2020, we conducted a live balloting event for units of affordable homes at Rumah Mampu Biaya C in our Scientex Pulai (Taman Pulai Mutiara) development. In lieu of a live event due to restrictions made necessary by the COVID-19 pandemic, Facebook Live was used as the medium for the balloting, with the event streamed live for the benefit of all prospective buyers and other stakeholders.

The event was graced by the presence of YAB Datuk Haji Hasni bin Mohammad, the Menteri Besar of Johor, together with the Chairman of the Housing and Local Government Committee, YB Tuan Haji Ayub bin Jamil, and Mr Alex Khaw, the Chief Operating Officer of our property division. All 420 units were successfully balloted to buyers at a selling price of RM150,000.

SPECIAL SECTION: COVID-19 ACTIVITIES

The COVID-19 pandemic has necessitated sudden changes in business operations, and we have responded quickly to put in place measures that enhance safeguarding of employee health and safety during this extraordinary time. In line with our mantra of "Operating Safety First Always", these measures include:

- Appropriate SOPs at all offices, factories, worksites and workers' hostels: queue distancing, temperature checks and recording, hand sanitising, facility/machine sanitising, maintaining social distancing and other measures deemed necessary
- COVID-19 tests for all staff

We are also deeply grateful to our frontliners for bravely forming a first line of defence in Malaysia's fight against the pandemic. In support of these efforts and in the spirit of togetherness during these challenging times, we participated in initiatives through which we were able to contribute to the fight against COVID-19. These initiatives are detailed below:

Supporting UMMC COVID-19 Clinical Trials

Sustainability Statement

We donated RM300,000 to University Malaya Medical Centre ("UMMC") to support COVID-19 clinical trials led by Universiti Malaya Faculty of Medicine Dean, Professor Dato' Dr Adeeba Kamarulzaman in collaboration with three public hospitals: Sungai Buloh Hospital, Kuala Lumpur Hospital and Tuanku Jaafar Hospital, Seremban.

Donation of Plastic Films for Hospital Wards

We donated customised plastic films to Hospital UiTM Sungai Buloh, Hospital Ampang, Hospital Serdang and Hospital Tengku Ampuan Rahimah for use in ward partitions. The partitions helped to safeguard medical frontliners and patients against transmission of COVID-19, enhancing hygiene standards at the hospitals in question.

Donation of Headcovers to Frontliners

In partnership with the Ministry of International Trade and Industry ("MITI"), MPMA and several other companies, we donated RM100,000 towards the contribution of 100,000 head covers to Ministry of Health ("MOH") frontliners in Malaysia in solidarity with their heroic efforts.

Donation of Medical Masks to Frontliners

In partnership with MITI and MPMA, we donated 30,000 disposable medical 3 ply masks to MOH to provide essential protection for medical frontliners.

Donation to State-level COVID-19 Relief Funds

In order to support state-level measures to combat the spread of COVID-19, we donated a total of RM70,000 to two community relief funds namely Kerajaan Negeri Melaka and Tabung Bencana Negeri Johor.

Donation of Necessities to Frontliners

To aid frontliners in their heroic and unstinting efforts, we donated necessities such as food, beverages and masks to frontliners in Johor, Melaka, Selangor, Perak and Penang.

GRI Content Index

MAPPING GRI CONTENT INDEX

GENERAL DISCLOSURES		
REPORTING PRACTICE		
GRI STANDARD	DISCLOSURE	REFERENCE
102-1	Name of the organisation	Introduction, page 70 Our Reporting Approach, page 70
102-2	Activities, brands, products, and services	Organisational Overview, page 73
102-3	Location of headquarters	Organisational Overview, page 73
102-4	Location of operations	Packaging Division: Market Presence, pages 12 - 13 Property Division: Market Presence, page 17
102-5	Ownership and legal form	Organisational Overview, page 73
102-6	Markets served	Organisational Overview, page 73
102-7	Scale of the organisation	Organisational Overview, page 73
102-8	Information on employees and other workers	Organisational Overview, page 73
102-9	Supply chain	Organisational Overview, page 73
102-10	Significant changes to the organisation and its supply chain	Organisational Overview, page 73
102-11	Precautionary Principle of approach	Corporate Governance Overview Statement, page 101
102-12	External initiatives	Organisational Overview, page 74
102-13	Membership of associations	Organisational Overview, page 73
102-14	Statement from senior decision maker	Message From The Managing Director, page 72
102-16	Values, principles, standards, and norms of behaviour	Our Integrated Governance Structure, page 96
102-18	Governance structure	Sustainability Governance, page 74
102-19	Delegating authority	Sustainability Governance, page 75
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance, page 75
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Governance, page 75
102-22	Composition of the highest governance body and its committees	Sustainability Governance, pages 74 - 75
102-23	Chair of the highest governance body	Sustainability Governance, page 75
102-24	Nominating and selecting the highest governance body	Sustainability Governance, page 75
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Governance, page 75
102-27	Collective knowledge of highest governance body	Sustainability Governance, page 75

GRI Content Index

GENERAL DISCLOSURES		
REPORTING PRACTICE		
GRI STANDARD	DISCLOSURE	REFERENCE
102-28	Evaluating the highest governance body's performance	Sustainability Governance, page 75
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Governance, page 75
102-30	Effectiveness of risk management processes	Sustainability Governance, page 76
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance, page 75
102-40	List of stakeholder groups	Our Reporting Approach, page 70
102-41	Collective bargaining agreements	Organisational Overview, page 73
102-42	Identifying and selecting stakeholders	Our Reporting Approach, page 70
102-43	Approach to stakeholder engagement	Our Reporting Approach, page 70
102-44	Key topics and concerns raised	Our Reporting Approach, page 70
102-45	Entities included in the consolidated financial statements	Our Reporting Approach, page 70
102-46	Defining report content and topic Boundaries	Key Sustainability Topics, page 76
102-47	List of material topics	Key Sustainability Topics, page 76
102-48	Restatements of information	No restatement of information during the reporting period
102-49	Changes in reporting	No changes in reporting
102-50	Reporting period	Our Reporting Approach, page 70
102-51	Date of most recent report	Our Reporting Approach, page 70
102-52	Reporting cycle	Our Reporting Approach, page 70
102-53	Contact point for questions regarding the report	Our Reporting Approach, page 71
102-54	Claims of reporting in accordance with the GRI Standards	Our Reporting Approach, page 70
102-55	GRI content index	GRI Content Index, page 93
102-56	External assurance	Performed internally by SSC and approved by Board

SPECIFIC DISCLOSURES		
GRI STANDARD	DISCLOSURE	REFERENCE
103-1	Explanation of the material topic and its Boundary	Affordable Housing, page 79 Product Innovation, page 82 Waste Management, page 85 Occupational Safety and Health, page 87 Local Communities, page 90

GRI Content Index

SPECIFIC DISCLOSURES		
GRI STANDARD	DISCLOSURE	REFERENCE
103-2	The management approach and its components	Affordable Housing, page 79 Product Innovation, page 82 Waste Management, page 85 Occupational Safety and Health, page 87
103-3	Evaluation of the management approach	Affordable Housing, page 80 Product Innovation, page 83 Waste Management, page 86 Occupational Safety and Health, page 89
306-1	Waste generation and significant waste-related impacts	Waste Management, page 86
306-2	Waste by type and disposal	Waste Management, page 86
403-1	Workers representation in OSHA committees	Occupational Safety and Health, pages 88 - 89
403-2	Types of injury and rates of injury, occupational disease, lost days and absenteeism, and number of work - related fatality	Occupational Safety and Health, page 89
403-3	Occupational health services	Occupational Safety and Health, page 87
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health, page 87
403-5	Worker training on occupational health and safety	Occupational Safety and Health, page 87
403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health, page 89
403-9	Work-related injuries	Occupational Safety and Health, page 89
413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities, pages 90 - 92

Our Integrated Governance Structure

As part of our commitment towards sound compliance, effective governance and strong leadership, we have established a dynamic and efficient integrated organisational structure with an Executive Committee ("EXCO") at its core in order to successfully optimise long-term value generation.

Since the formation of our EXCO in 2009, we have managed to expand both organically through the acquisition of land banks for property development, increases in manufacturing capacity and enhancement of capabilities — as well as inorganically through various mergers and acquisitions.

OUR EXECUTIVE COMMITTEE

Comprising experienced and qualified leaders, the EXCO is in charge of our integrated structure that encompasses the packaging division, property division and the corporate department as a whole. This synergy enables us to develop more cohesive strategies for long-term solutions across the Group's operations.

GROUP INTEGRATED STRUCTURE

EXECUTIVE COMMITTEE

- MD/CEO
- COO of Packaging
- COO of Property
- ED of Packaging
- ED of Property
- ED of Corporate Planning
- Sales & Marketing Director of Property

PACKAGING DIVISION

PROPERTY DIVISION

CORPORATE DEPARTMENT

ROLES AND RESPONSIBILITIES OF THE EXCO

Central to our operations, the EXCO handles the Group's strategic planning, resource allocation, governance, community building, as well as end-to-end stakeholder engagement to ensure that we deliver long-term success and sustainable values across the board.

From overseeing the conduct of business to effective risk management, the broad expertise and responsibilities of the EXCO helps to ensure balance of authority to maintain effective supervision and accountability of the Group.

Our Integrated Governance Structure

ROLES AND RESPONSIBILITIES OF EXCO

Strategic Goal Planning and Review

- To review short, medium and long term targets and action plans towards achieving our vision.
- To set, establish and review strategic plans and objectives that support the growth of the Group's economic engines in flexible plastic packaging and affordable housing.

Strategic Resource Planning and Allocation

- To identify key areas of growth and expansion to support the growth of its economic engines and to allocate adequate capital, people and technological resources in those areas.
- To identify non-performing operations for divestment or downsizing or cessation of operations and to perform asset re-allocation to divert the assets to areas of growth and expansion.

Governance, Compliance and Stakeholder Engagement

- To formulate, promote and integrate longer term sustainability policies, strategies and governance with a clear, forward-looking and value-enhancing perspective through the adoption of holistic and integrated reporting.
- To promote a culture of good corporate governance and compliance within the Group to align with and to protect the interest of all stakeholders.
- To set up a robust governance and risk management framework based on best practices and reinforced by adequate internal control systems, policies and procedures.

Building Scientex Community

- To promote and cultivate a Healthy, Friendly, and Happy working environment.
- To build a community based on openness and transparency and to promote common interests and common goals with mutual trust and respect.
- To harness internal energies to focus on external challenges in the marketplace and to build an effective and efficient workforce capable of achieving short, medium and longer term goals.

Our Integrated Governance Structure

BENEFITS OF AN INTEGRATED STRUCTURE

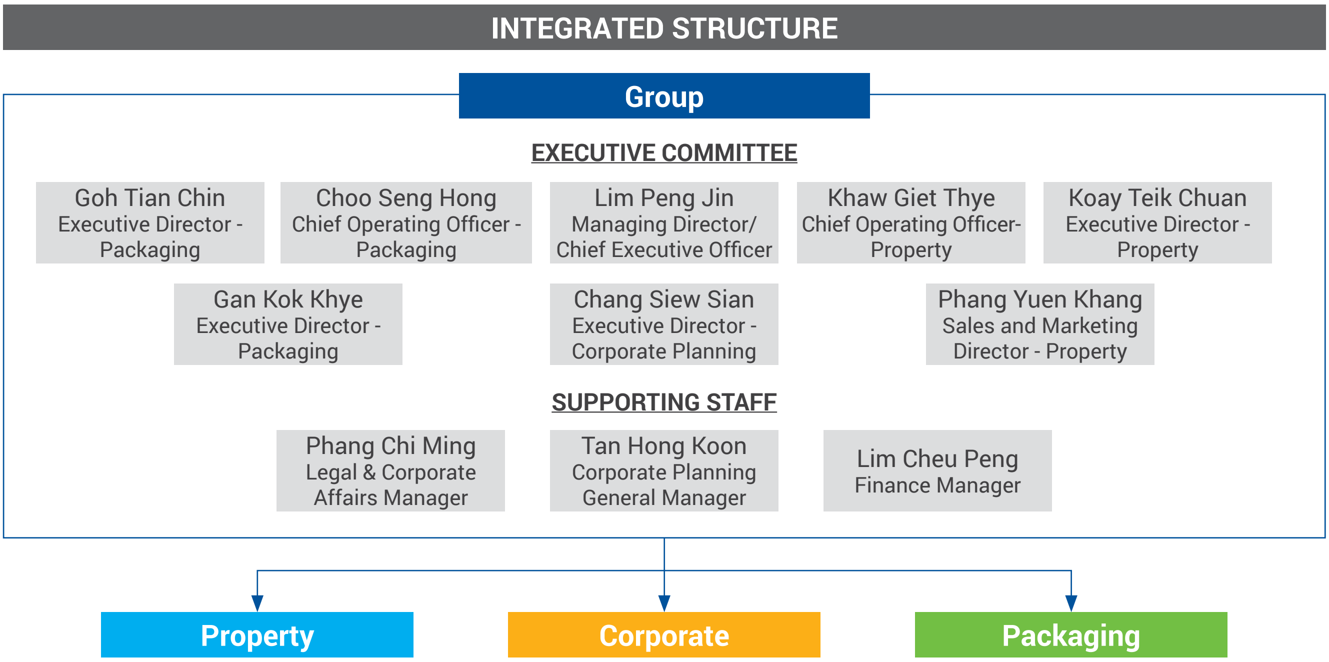
As a dynamic structure, our EXCO-led model enables us to formulate overall objectives — short, medium and long-term plans, policies and business strategies — on an ongoing basis. This allows for rapid responses to external business conditions and the environment in which we operate, whilst ensuring that the Group's plans and objectives are adhered to both internally as well as externally.

Benefit	Description
PROMOTING TRANSPARENCY WITHIN THE GROUP	Encouraging the constructive flow of information and communication.
PROMOTING ACHIEVEMENT OF SYNERGIES	Minimising "silo mentality" across the organisation.
CENTRALISED FUNCTIONS	Uniting operations such as purchasing, finance and sales.
IMPROVED ASSET AND RESOURCE ALLOCATION	Optimised planning such as through identifying priorities in land bank development and efficiently allocating our resources and human workforce.
ALIGNING GOALS WITH RESOURCES	Better management of capital, people, land based assets and machinery.

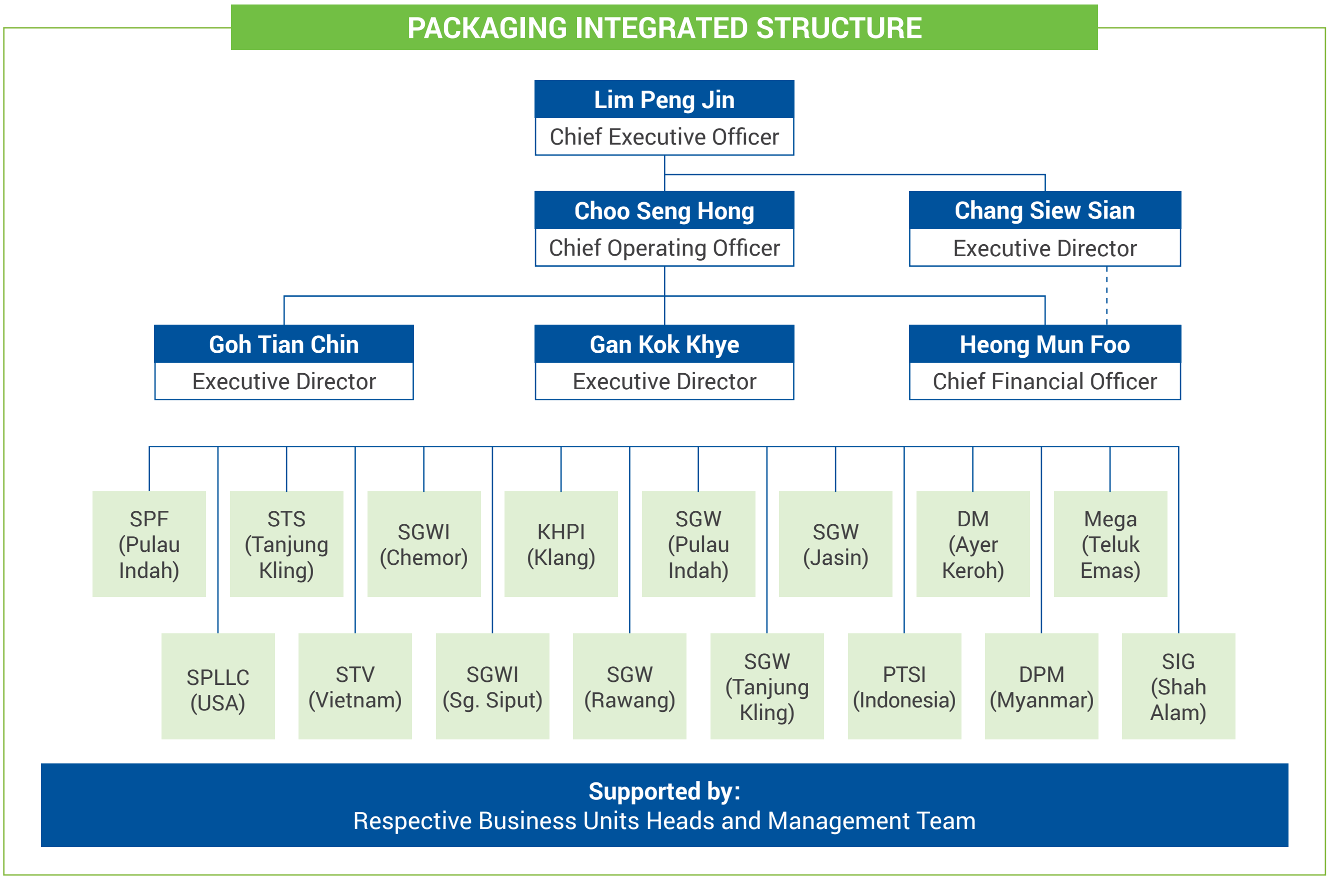
INTEGRATION ACROSS DIVISIONS

All in all, a clearly articulated cross-organisational structure enables the EXCO's decision making to have maximal impact across both the packaging and property divisions as well as the shared corporate department which exercises oversight over all divisions. With MD/CEO Mr Lim Peng Jin and other senior members of the EXCO holding director positions in these individual divisions in addition to their roles in the EXCO, proposed solutions can be translated and implemented efficiently, aided by well established departmental support structures that include supporting staff who represent the Group's wide geographical and sectoral reach.

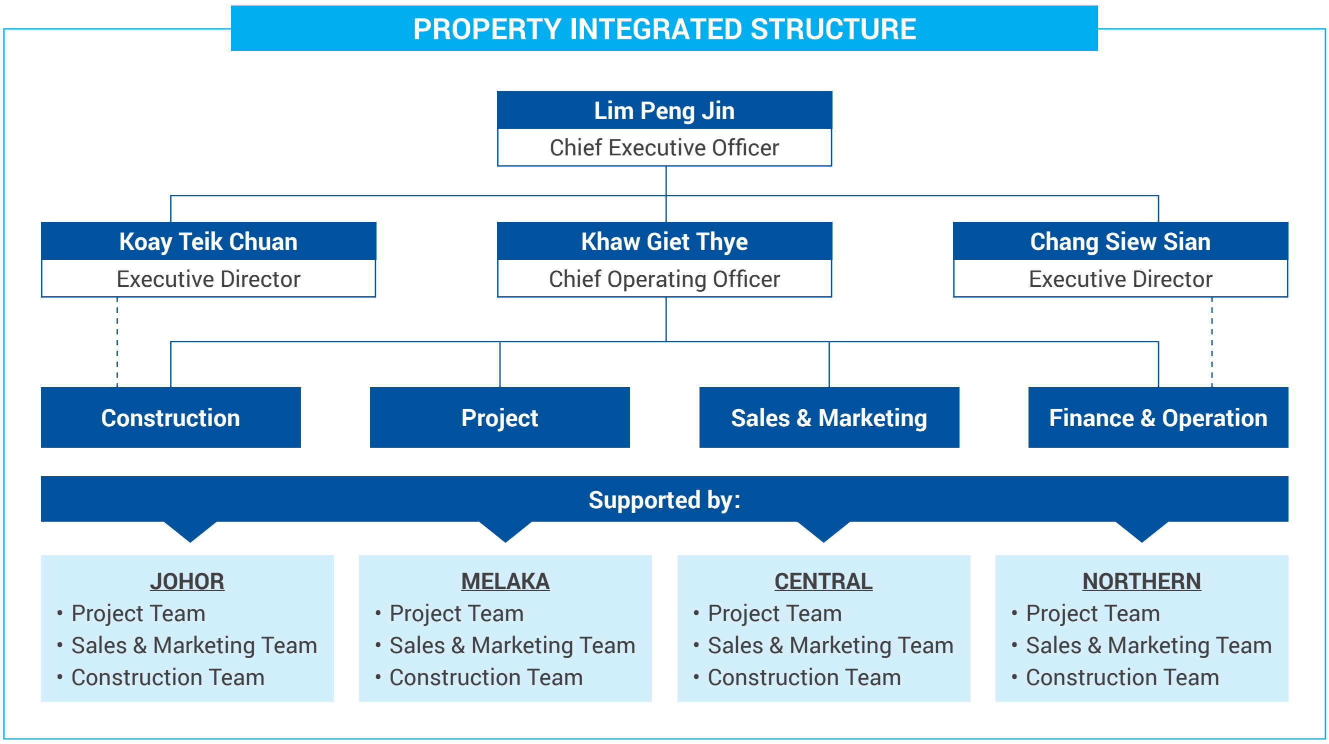
This governance structure is detailed below:



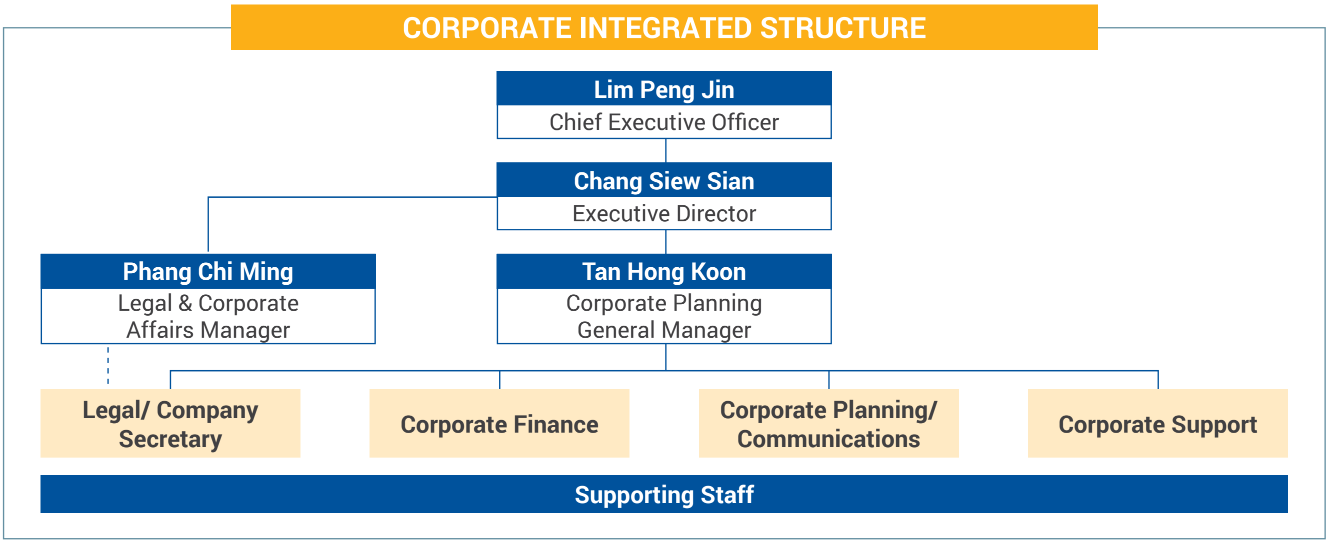
Our Integrated Governance Structure



Note: Please refer to Note 16 to the Audited Financial Statements of the Company for the financial year ended 31 July 2020 for abbreviations of subsidiaries' names.



Our Integrated Governance Structure



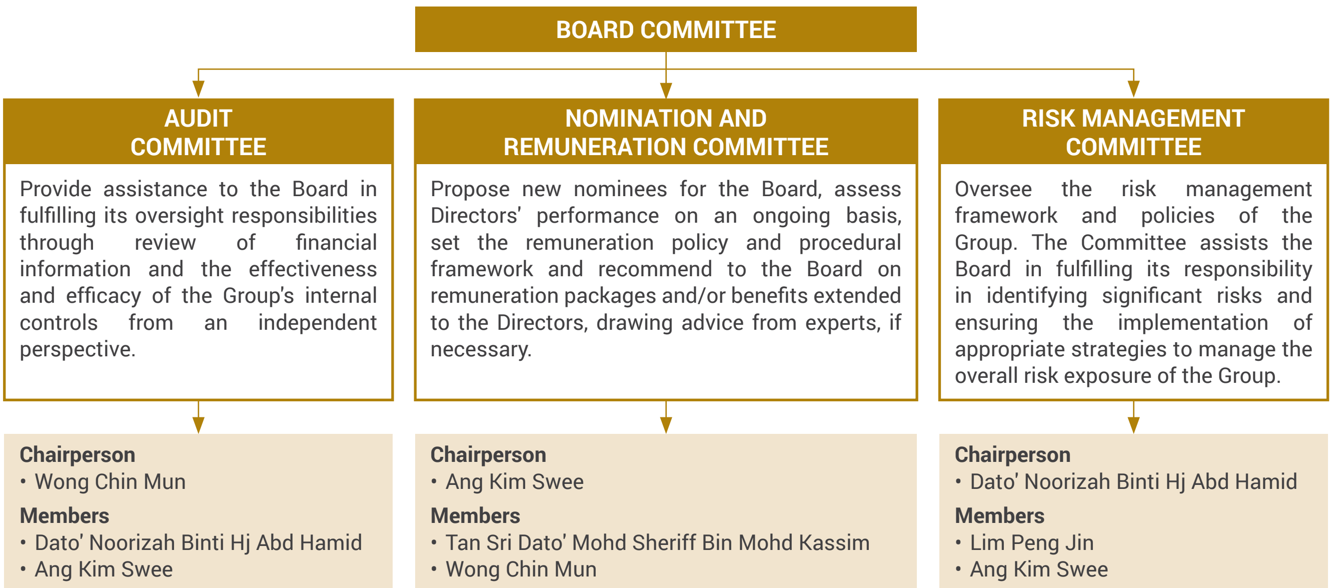
SCIENTEX BOARD COMMITTEES

Under the Group's Governance Framework, certain responsibilities of the Board are delegated to Board Committees to ensure effectiveness in carrying out its responsibilities and functions.

During the financial year under review, the Board was assisted by the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee

An outline of how these three committees work is detailed below:



PROFILES OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT

For full profiles of all members of the Scientex Board of Directors and key management, kindly refer to 'Our Leadership' section on page 27 to page 32.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Scientex Berhad ("Scientex", the "Group" and/or the "Company") recognises the importance of upholding good corporate governance ("CG") and the responsibility of maintaining high standards of transparency, accountability and integrity. These best practices will not only safeguard and enhance sustainable shareholder value but also ensure that the interests of all stakeholders are protected.

This CG Overview Statement ("Statement") is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") to provide stakeholders with an overview of the application of the principles set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") under the leadership of the Board during the financial year ended 31 July 2020 ("FY2020"). This Statement should be read in conjunction with the CG Report 2020 of the Company ("CG Report") which disclose the application of all practices set out in the MCCG 2017 during FY2020. The prescribed CG Report is accessible at www.scientex.com.my/announcements-2/.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is collectively responsible for the long term success of the Group and the delivery of sustainable values to its stakeholders. The Board sets the Group's strategic plans and direction, while overseeing the conduct of the business, risk management and succession planning of senior management. The Board is also responsible for implementing investor relations programmes and ensuring the systems of internal controls and management information are in place and working effectively. The Board formulates overall objectives, short and medium term plans, policies and business strategies on an on-going basis to respond to rapid changes in the external business environment whilst ensuring that the Group's overall objectives and plan are adhered to.

To maintain effective supervision and accountability of the Board and the management, the position of Chairman and Managing Director/Chief Executive Officer are held by different individuals to ensure balance of power and authority. The roles and responsibilities of the Chairman and the Managing Director/Chief Executive Officer are specified in the Board Charter as explained in Practice 1.3 of the CG Report.

The Directors in their individual capacity or as a full Board have full and unrestricted access to all information pertaining to the Group. The Directors also have the advice and services of the suitably qualified and experienced Company Secretary and senior management staff at all times to aid in the proper discharge of their fiduciary duties. The notices and the meeting papers are sent to all members of the Board and Board Committees a week ahead of the scheduled meetings enabling them to seek clarification and to have sufficient time to peruse the issues to be deliberated at the Board and Board Committee meetings.

The Board has on 20 September 2018 approved and adopted the Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities, while acting as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. The Board Charter of the Company is accessible at www.scientex.com.my/corporate-governance/.

In addition, the conduct of the Board is also governed by the Code of Ethics for Directors, which sets out the standards of CG and corporate behaviour for the Directors of the Company. The Code of Ethics is accessible at www.scientex.com.my/corporate-governance/.

Corporate Governance Overview Statement

The Board has also on 26 June 2019 adopted the Whistleblowing Policy with the objective of providing a whistleblowing channel for employees at all levels and other stakeholders to disclose any reportable and improper conduct that is taking place, has taken place and/or may take place within Scientex. The Whistleblowing Policy serves to protect the whistleblower who is going to report or has reported such improper conduct. This policy is accessible at www.scientex.com.my/corporate-governance/.

During FY2020, the Board approved and adopted anti-corruption measures which were developed based on the "TRUST" principles of the Guidelines on Adequate Procedures pursuant to subsection (5) of Section 17A under the Malaysian Anti-Corruption Commision Act 2009. The Anti-Corruption and Anti-Bribery Policy is accessible at www.scientex.com.my/corporate-governance/.

BOARD COMPOSITION

The Board comprises six (6) experienced and competent members with different areas of expertise, out of which three (3) members are Independent Non-Executive Directors ("INED"). Mr Wong Chin Mun was appointed as the Senior INED of the Company on 6 October 2017.

The Board has established the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC") to assist in the execution of its responsibilities. The functions, duties and authorities of the Board Committees are set out in the Terms of Reference of each of the Board Committees, which is accessible at www.scientex.com.my/corporate-governance/.

The NRC is led by an INED. The Board through the NRC has conducted annual peer and self-assessments via questionnaires and reviewed the following matters:

(i) Assessment of independence of INED

The NRC assessed the independence of all INEDs with the following criteria to ensure the INED would be able to discharge its duties and responsibilities effectively:

- fulfillment of the definition of "independent director" under the Listing Requirements of Bursa Securities;
- whether the tenure of INEDs have exceeded a cumulative term of nine (9) years;
- whether INEDs have received any performance-based remuneration or share-based incentives from the Company and the Group; and
- whether INEDs are able to exert considerable influence on the Group's financial standing.

The NRC has determined that all INEDs have remained objective and independent. Each of the INEDs has provided a confirmation of his/her independence to the NRC.

(ii) Review of the effectiveness of the individual Directors, Board Committees and the Board

The NRC reviewed the competencies, contributions and performances of each individual Director, Board Committees and the Board as a whole. With regard to the mix of skills, experiences, competencies, independence, diversity and other qualities required to meet the needs of the Group as well as the character, personality, integrity and time commitment of the individual Director, the NRC is satisfied with the performance and contribution of the Directors of the Group.

(iii) Review of the AC, external auditors and internal auditors

The NRC reviewed the performance of the AC, external auditors and internal auditors. The NRC is satisfied with the term of office and overall performances of the AC as well as the suitability, performance, objectivity, professionalism and independence of the external auditors. The NRC also reviewed the objectivity, independence, competency and resource capacity of the internal auditors.

Corporate Governance Overview Statement

(iv) Review of the remuneration of Directors

The NRC reviewed the remuneration component of the Directors which includes fees, salary, benefits-in-kind and other emoluments. At the recommendation of NRC, the Board is of the view that the current Director's fees of RM130,000 for the chairman and RM120,000 for other directors are suffice to attract and retain calibre Directors to serve on the Board. The total proposed Directors' fees of RM730,000 for FY2020 will be tabled at the forthcoming Fifty-Second Annual General Meeting ("AGM") of the Company ("52nd AGM") for the approval of the shareholders.

(v) Rotation of Directors

The Constitution of the Company ("Constitution") provides that one-third (1/3) of the Directors with a minimum of one (1) and those appointed during the year shall retire from office and shall be eligible for re-election at every AGM. The Constitution also provides that all Directors shall retire from office at least once in every three (3) years.

The Directors, Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim and Mr Lim Peng Jin, who are standing for re-election at the forthcoming 52nd AGM had indicated their intentions to seek for re-election. Having considered their past contribution and attendance at the Board and Board Committees meetings, the Board recommended their re-election to be considered by the shareholders at the forthcoming 52nd AGM.

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by all the directors observing the restriction on the number of directorships as set out in the Listing Requirements by not holding more than five (5) directorships in listed issuers.

The Board meets regularly on a quarterly basis with additional meetings as and when necessary. Senior management and advisers are invited to the Board and Board Committees meetings to present relevant subject matters, if applicable. The Board meetings are conducted based on a formal agenda on matters to be discussed with adequate time allocated for deliberation, and the Chairman of the Board chairs the meetings with proper record of minutes kept by the Company Secretary. The draft minutes of the Board meetings are made available to all Board members before the confirmation of minutes at the next meeting.

The Board convened a total of four (4) meetings during FY2020. The meetings were held on 26 September 2019, 17 December 2019, 11 March 2020 and 23 June 2020. The details of the Directors' attendance at the Board meetings are as follows:-

	Number of Meetings Attended/ Total Number of Meetings Held	Percentage (%) of Attendance
Executive Director		
Lim Peng Jin	4/4	100
Non-Executive Directors		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	4/4	100
Lim Peng Cheong	4/4	100
Wong Chin Mun	4/4	100
Dato' Noorizah Binti Hj Abd Hamid	4/4	100
Ang Kim Swee	4/4	100

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. The Board is mindful that the Directors should continuously update their skills and knowledge to maximise the effectiveness of the Board during their tenure. The Directors are required to evaluate their own training needs on a continuous basis to keep abreast with regulatory requirements and ongoing business developments. The Board has approved a budgeted amount set aside for all Directors to attend training courses which are relevant and may assist the Directors in discharging their responsibilities. In addition, the Board is notified of a series of training programmes or workshops conducted by Bursa Securities and other

Corporate Governance Overview Statement

training providers for its consideration and the Board receives updates of new statutory and regulatory requirements from time to time. The Group's external auditors/ Company Secretary also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during FY2020 and any other changes to the regulatory environment such as amendments to Listing Requirements of Bursa Securities and the Companies Act 2016 as well as publications from Securities Commission Malaysia.

During FY2020, the Directors have attended various training programmes, seminars, conferences and forums, details of which are set out below:-

Directors	Title of Training Programmes/Seminars/Conferences/Forums
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	- ENSEARCH: Pandemic and its economic effects
Lim Peng Jin	- Vistage CEO Summit 2019 : Transforming & Transcending - US-China Trade War and Its Impact on the Global Trade, particularly Malaysia's trade and Investment - Remote Working: What You Don't Know – How AI Can Accelerate Your Success 100x - Understanding Section 17A and Corporate Liability
Lim Peng Cheong	- Bursa 2019 Cyber Security Workshop – Shifting Towards Cyber Hygiene
Wong Chin Mun	- Vistage CEO Summit 2019 : Transforming & Transcending - US-China Trade War and Its Impact on the Global Trade, particularly Malaysia's trade and Investment - Remote Working: What You Don't Know – How AI Can Accelerate Your Success 100x - Your Future Strategy in the Corona Crisis – from Scenarios to Opportunities to Action - Understanding Section 17A and Corporate Liability
Dato' Noorizah Binti Hj Abd Hamid	- Qualified Risk Director Programme: Directors guide to Risk Maturity Frameworks - Khazanah Megatrend Forum 2019 - Case Study Workshop for Independent Directors - International Directors' Summit 2019 - The Trust Setting : Resetting the Course - Financial Institution Directors' Education Program (FIDE) - Raising Defences : Section 17A MACC Act - PNB Corporate Summit
Ang Kim Swee	- Corporate Liability Provision – Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amended 2018) - 2019 Institute of Internal Auditors Malaysia National Conference : Audit Committee (AC) Leadership Track - Introduction to Integrated Reporting - Qualified Risk Director Program: i) Establishing an empowered Board Risk Committee ii) Directors Guide to ERM and ISO 31000 iii) Establishing an empowered Audit Committee iv) Audit Committee's Guide to COSO 2013 and Internal Controls

Corporate Governance Overview Statement

REMUNERATION

The Company's general policy on Directors' remuneration is to offer competitive remuneration packages, which are designed to attract and retain high calibre Directors. The remuneration package for Executive Director(s) is structured to link the rewards to financial performance and long term objectives of the Group aside from individual performance. The remuneration package comprises a number of separate elements such as basic salary, allowances, bonuses and other benefits-in-kind.

In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall be abstained from deliberation and voting on decisions in respect of his/her individual remuneration package.

Apart from the remuneration paid and payable by the Company and the Group in respect of FY2020 as follows, the Group has arranged for directors and officers' liability insurance to indemnify the Directors and officers of the Company and its group of companies. The amount of premium paid for such liability insurance is set out in the Report of the Directors of the Company's Audited Financial Statements for FY2020.

	Company					Group				
	Salaries RM'000	Fees* RM'000	Bonuses and Allowances and Other Emoluments RM'000	EPF Contribution by Employer RM'000	Total RM'000	Salaries RM'000	Fees* RM'000	Bonuses and Allowances and Other Emoluments RM'000	EPF Contribution by Employer RM'000	Total RM'000
Executive Director Lim Peng Jin	100	120	200	54	474	4,960	120	4,810	1,759	11,649
Non-Executive Directors Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	130	-	-	130	-	130	-	-	130
Lim Peng Cheong	-	120	-	-	120	-	120	-	-	120
Wong Chin Mun	-	120	-	-	120	-	120	-	-	120
Dato' Noorizah Binti Hj Abd Hamid	-	120	-	-	120	-	120	-	-	120
Ang Kim Swee	-	120	-	-	120	-	120	-	-	120

* *Subject to the approval by shareholders at the 52nd AGM.*

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Audit Committee is led by the Senior INED who is not the Chairman of the Board. The members of the AC comprises one (1) Senior INED and two (2) INEDs, each satisfying the "independence" requirements set out in the Listing Requirements of Bursa Securities. All AC members are financially literate, with extensive corporate experience and equipped with the required business skills. The profile of the AC members is stated in the Integrated Annual Report 2020 and is accessible at www.scientex.com.my/who-we-are/#boardofdirectors.

The summary of work carried out by Audit Committee in discharging its function and duties for FY2020 is disclosed in the Audit Committee Report of this Integrated Annual Report on page 111.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibilities to maintain a sound risk management and internal control system, review its adequacy and effectiveness, and put in place sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets.

The Board is assisted by the RMC and the AC in the oversight of overall risk management and internal control systems of the Group. The Board is supported by an Executive Committee ("EXCO"), which is chaired by the Managing Director/Chief Executive Officer and comprises senior management personnel of the Group, in implementation of the Board's policies and procedures on risk and control by identifying and assessing relevant risks. The EXCO makes recommendations designed to manage, control and mitigate such risks, whilst continuously monitoring and reviewing the risks and its impact on the Group's operations. The Group has an Internal Audit Department to support the AC and the Board to check and monitor the compliance of the Group's policies and procedures as well as to ensure the adequacy and effectiveness of the internal control systems in place.

Information on the Group's risk management and internal control system is presented in the 'Key Risk and Mitigation' section on page 45, Statement on Risk Management and Internal Control on page 108 and Audit Committee Report on page 111.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of transparency and accountability towards its shareholders and of maintaining an effective communication policy that enables both the Board and the management to communicate effectively with its stakeholders.

Pursuant to Paragraph 15.26(a) of the Listing Requirements, the Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the financial position of the Company and the Group, and the financial performance and cash flows of the Company and the Group for the financial year then ended. In the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that the applicable approved accounting standards have been complied with

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group. Additionally, the Directors are responsible for ensuring that the financial statements comply with the Companies Act 2016, applicable approved accounting standards in Malaysia and the Listing Requirements of Bursa Securities.

Hence, in presenting the annual Audited Financial Statements and quarterly financial results, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects. The AC reviews the Group's quarterly financial results and annual Audited Financial Statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval. The AC and the Board are required to ensure that the financial statements prepared are drawn up in accordance with the applicable approved accounting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and the Group.

To maintain effective communication with the Company's stakeholders, the Board communicates information on the operations, activities and performance of the Group through its annual report, various corporate announcements made to Bursa Securities and the Company's website, while maintaining a continuous stream of active dialogues, discussions or briefings with the press, fund managers and analysts through a planned programme of investor relations activities. Stakeholders may direct their queries or concerns to the Company through www.scientex.com.my/contact/.

CONDUCT OF GENERAL MEETINGS

General meetings serve as an important channel for shareholder communication. Notice of general meetings is sent to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days prior to a meeting where any special resolution is to be proposed or where it is an AGM, together with the annual report. The Board ensures all relevant information is disclosed to shareholders to enable them to exercise their rights and hence, each item of special business included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution. In line with good CG practice, the notice of the 52nd AGM was issued 28 days before the AGM date.

In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, the Board has implemented poll voting for all the resolutions set out in the notice of general meetings and the appointment of at least one (1) independent scrutineer to validate the votes cast at the general meetings. The Company has leveraged on technology to facilitate electronic voting for the conduct of polls on all proposed resolutions to expedite verifications and counting of votes, reduce administrative cost and paperwork. The outcome of the general meetings is announced to Bursa Securities on the same day after the meetings are concluded and the announcement is accessible at www.bursamalaysia.com/market_information/announcements/company_announcement or via www.scientex.com.my/announcements-2/.

At general meetings, shareholders are given opportunity and time to express their views or raise questions in connection with the Company's financial performance, business operations, corporate governance, corporate proposals and other matters affecting shareholders' interests. The Directors and senior management as well as the auditors and advisers of the Company are present in person at the general meetings to respond to any questions raised by the shareholders. The summary of the key matters discussed at the general meeting is published on the Company's website and is accessible at www.scientex.com.my/investors-faq/. In addition, as and when necessary, a press conference is held immediately following the conclusion of the general meetings where the Directors brief the press and answer relevant questions on the Group's operations and financial performance.

In view of the evolving of COVID-19 situation, the Company will conduct its general meeting in full compliance with the standard operating procedures issued by the relevant authorities.

CURRENT KEY FOCUS AREAS AND FUTURE PRIORITIES IN RELATION TO CORPORATE GOVERNANCE

For FY2020, the Company prepared its first Integrated Annual Report in accordance with the International Integrated Reporting Framework prescribed by the International Integrated Reporting Council, as well as ensuring the tenure of the INED does not exceed nine (9) years. Moving forward, the Board will continue to explore the possibility for the adoption of best practices which are currently under departure and observe the recommendations of the best practices of MCCG 2017.

This CG Overview Statement was approved in accordance with the resolution of the Board on 22 October 2020.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") is pleased to provide a Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control system of the Group during the financial year.

The Group's risk management and internal control system applies principally to Scientex Berhad and its subsidiaries.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound risk management and internal control system as well as reviewing its adequacy and effectiveness, and to put in place sufficient safeguards to manage the Group's risks in order to protect shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of risk management and internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus, the system of internal control put in place can only provide reasonable but not absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal control are financial, organisational, operational, compliance and information technology controls.

RISK MANAGEMENT

The Board understands that all areas of the Group's activities involve some degree of risk and recognises that business decisions involve the taking of appropriate risks, with the ultimate objective of balancing risks involved with potential returns to shareholders. The Board is assisted by the Risk Management Committee ("RMC") and the Audit Committee ("AC") in the oversight of overall risk management and internal control system of the Group, while being supported by an Executive Committee ("EXCO"), which is chaired by the Managing Director/Chief Executive Officer and comprises senior management personnel of the Group, in implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks, and making recommendations designed to manage, control and mitigate such risks, whilst continuously monitoring and reviewing the risks and its impact on the Group's operations on a regular basis.

For more detailed information on the Group's risk management practices, please refer 'Key Risk and Mitigation' section on page 45.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department ("IAD") to support the AC and the Board. The Head of the IAD reports to the AC on a quarterly basis. The Group's IAD conducts an audit on the Group's operations as mandated by the AC and checks and monitors compliance with the Group's policies and procedures as well as the adequacy and effectiveness of the internal control system in place. The IAD highlights significant findings in respect to non-compliance to the Board via the AC and undertakes follow-up actions with the Management in respect to the agreed corrective actions to be implemented.

Statement on Risk Management and Internal Control

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control system are as follows:-

- The EXCO was established in January 2009 to assist the Board and to look into daily operational matters and the overall management of the principal areas of risk affecting the Group to ensure that the operations are in line with the Group's overall objectives, direction and budget as well as approved policies and business strategies. The EXCO also formulates operational strategies on an ongoing basis to respond to rapid changes in the external business environment whilst ensuring that the Group's overall objectives and policies are adhered to. Operational issues and significant risks are raised for deliberation and discussion in EXCO meetings and adequate responses and actions are taken thereafter. The EXCO meets at least once a month and as and when required, depending on the urgency and circumstances, in order to take quick proactive actions to ensure that the interests of the Group are protected at all times.

- The RMC was established on 19 June 2014. The main function of the RMC is to report to the Board and provide appropriate advice and recommendations on material risk issues and a risk management system for the timely identification, mitigation and management of significant risks that may have a material impact on the Group. The RMC is assisted by the Risk Management Department to establish and implement an effective risk management framework, policy and processes across the Group as well as to oversee the risk management aspect of the Group so as to identify, analyse, respond, monitor and report any significant risk to the RMC. The respective business owners are responsible for setting up risk registers in accordance with the enterprise risk management framework and reporting identified risks to the RMC. The RMC meets as and when necessary and works closely with the EXCO to ascertain that there are ongoing monitoring processes to manage significant risks.

- The Managing Director/Chief Executive Officer conducts regular management meetings with the respective Management teams of the various divisions/business units and reviews financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective divisions/business units.

- The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the Management including an effective organisational integrated structure and proper authority matrix.

- The functional control framework has been documented in the "Internal Control Guidelines" of the packaging and property divisions respectively which set out the various key controls and process requirements across all functions, including but not limited to the main areas of financial risks. It provides management staff with a reference on the Group's internal control guidelines/policies, procedures and practices, and tools to manage business risks that are significant to the fulfillment of the Group's business objectives. It is updated as and when necessary in order to reflect changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.

- An annual budgeting process has also been established, whereby all key operating subsidiary companies of the Group are required to prepare budgets and business plans for the coming year. The Group practises a Quarterly Rolling Budget system which covers all the major divisions of the Group. For effective and meaningful monitoring and review of performance, actual monthly and quarterly performances are duly compared with budgets set. Reviews of performances are conducted monthly with major variances being addressed and remedial management actions taken, where necessary.

- The Board and Management are provided with quarterly performance reports that gives comprehensive information on financial performance and key business indicators for monitoring purposes.

Statement on Risk Management and Internal Control

CONCLUSION

During the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. All internal control weaknesses identified and highlighted to the AC have been and/or are being addressed. There were no material losses arising from any inadequacy or failure of the risk management and internal control system which required separate disclosure in this Integrated Annual Report. The Board has received assurance from the Managing Director/Chief Executive Officer and the officer primarily responsible for the financial management of Scientex Berhad that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Hence, the Board is of the view that the current risk management practices and internal control system instituted throughout the Group are sufficient to safeguard the Group's assets. Nevertheless, the Board and Management maintain a continuing commitment to strengthen the Group's risk management and internal control environment and processes.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the Group's external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in its review of the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board on 22 October 2020.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 July 2020 ("FY2020").

AC MEMBERS

The AC is led by the Senior Independent Non-Executive Director who is not the Chairman of the Board. The members of the AC comprises the following Directors, who each satisfy the "independence" requirements contained in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

Members	Position
Wong Chin Mun	Chairman *(Independent Non-Executive Director)*
Dato' Noorizah Binti Hj Abd Hamid	Member *(Independent Non-Executive Director)*
Ang Kim Swee	Member *(Independent Non-Executive Director)*

AC MEETINGS AND ATTENDANCE

The AC convened a total of five (5) meetings during FY2020. The meetings were held on 26 September 2019, 23 October 2019, 17 December 2019, 11 March 2020 and 23 June 2020. The details of attendance of each member who served during FY2020 are as follows:-

AC Members	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Wong Chin Mun	5/5	100
Dato' Noorizah Binti Hj Abd Hamid	5/5	100
Ang Kim Swee	5/5	100

SUMMARY OF WORKS OF THE AC

The functions and duties of the AC are set out in its terms of reference and available on the Company's website at www.scientex.com.my/corporate-governance/. In discharging its functions, duties and responsibilities, the AC has undertaken the following works during FY2020:-

(i) Financial Reporting and Regulatory Requirements

The AC monitored the financial reporting processes of the Group, included reviewing and discussing the Group's unaudited quarterly financial results and audited financial statements with the management and external auditors to ensure compliance with the applicable financial reporting standards and relevant regulatory requirements, as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.

The AC also reviewed and discussed significant accounting, auditing and regulatory issues and the impact of new accounting standards and other regulatory requirements including but not limited to Malaysian Financial Reporting Standards, the Companies Act 2016, Malaysia code on Corporate Governance 2017, the Listing Requirements and the additional dsiclosures and reporting requirements arising there to.

As part of the financial year end reporting process, the AC reviewed the external auditors' professional services planning memorandum, progress report and final report which disclosed, amongst others, the responsibilities of the external auditors and those charged with governance, audit approach and scope, audit team, audit risk assessment, significant risks and areas of audit focus, independence policies, audit timeline, materiality level and analysis of audit misstatements and responses from management to the findings. There were no significant findings noted from the reports.

In addition, the Company Secretary updated the AC on regulatory/statutory requirements and pronouncements such as the key changes under the Companies Act 2019, the Annual General Meeting Corporate Governance checklist for shareholders published by the Securities Commision Malaysia, the amendments to the Listing Requirements in relation to Anti-Corruption Measures and the additional disclosures and reporting requirements arising thereto.

(ii) External Auditors

In considering the appointment of external auditors, the AC discussed and considered the competency and resource capacity of the external auditors, the rotation of audit partners, the audit and service team, the audit

Audit Committee Report

work, objectivity, professionalism and the independence of the external auditors.

For FY2020, the AC has reviewed the independence and suitability of the external auditors, namely Deloitte PLT, in respect to the provision of non-audit services to the Group and fees paid/payable for such services relative to the audit fee, in accordance with the terms of all relevant professional and regulatory requirements, and was of the opinion that Deloitte PLT's independence is not impaired. Furthermore, Deloitte PLT had established policies, safeguard and procedures to ensure there is no threat to its independence and objectivity. Deloitte PLT has also given their independence assurance for their audit works for FY2020. Pursuant thereto, the AC has recommended to the Board for the re-appointment of Deloitte PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the suitability, performance, objectivity, professionalism and independence of the external auditors.

The AC also had private discussions with the external auditors without the presence of the executive board members and management during the review of the audited financial statements for both FY2019 and FY2020 respectively to discuss any issues arising from the final audit and the assistance given by the management and staff during the course of audit. There were no significant issues highlighted by the external auditors and they received full cooperation from the management and staff, and had unrestricted access to senior management in the performance of the audit. There was neither material disagreement nor significant difficulties encountered while performing the work.

(iii) Internal Auditors

The AC has reviewed and approved the internal audit plan for year 2020 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest developments of the Group and the overall business environment.

The internal auditors presented the internal audit reports, covering the reviews of revenue cycle, receivable cycle, inventory, project operation, engineering and maintenance store, procurement cycle and quality assurance of certain key business units of the Group during the AC meetings held in FY2020. The AC considered the findings highlighted by the internal auditors and the responses from management. There were no major controls weaknesses noted from the internal audit reports.

(iv) Scientex Berhad Share Grant Plan

The sixth and seventh batch allocation of shares to the eligible employees of the Company and its subsidiaries under the Scientex Berhad Share Grant Plan ("SGP") were vested on 19 December 2019 and 5 October 2020 respectively. The AC reviewed and verified such allocation and concurred that the award of shares under the SGP was in compliance with the criteria determined by the SGP Committee, pursuant to Paragraph 8.17(2) of the Listing Requirements. During FY2020 and up to the date of this report, 615,400 SGP shares and 988,000 SGP shares have been granted and vested to the eligible employees based on their employment grade and achievement of performance targets for FY2019 and FY2020 as well as their performance and contribution to the Group.

(v) Others

The AC also:-

i. Discussed matters related to corporate governance, risk management, internal control, prevention and detection of fraud, including the Group's assessment of risk of fraud, the processes and controls established to mitigate such risk and the framework in place to identify any risk of fraud. There was no risk of fraud detected from the reports presented in the AC meetings.

ii. Reviewed related party transactions and recurrent related party transactions and any conflict of interest that may arise.

iii. Reviewed and recommended to the Board for approval, the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2019. Subsequent to the financial year end, the AC also reviewed and recommended to the Board for approval, the similar report and statements for inclusion in the Integrated Annual Report 2020 together with the prescribed Corporate Governance Report as required under the Listing Requirements of Bursa Securities.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department, which reports directly to the AC on its activities based on the approved internal audit plans (whereby the internal audit function of a listed subsidiary is outsourced to an independent professional services firm). Its principal function is to undertake regular and systematic review of the internal control system within the Group so as to provide independent assurance on the adequacy and effectiveness of governance and internal control processes.

The Internal Audit Department conducted assurance reviews on adequacy and effectiveness of the internal control system on the operating units in accordance with the internal audit plan, by interviewing the relevant personnel, observing the working environment and procedures of the operating units, reviewing relevant supporting documents and performing sampling verification. The preliminary internal audit reports which were issued together with the recommendations were circulated to the management for their responses and actions. Audit issues and actions taken by the management were recorded in the final internal audit reports before tabling at the AC meetings. The internal auditors tabled the internal audit plan and internal audit reports to the AC for review and deliberation. The AC Chairman then briefed the Board on the internal audit reports and any major findings contained within. The internal auditors also reviewed the Internal Control Guidelines of the packaging and property divisions respectively and made necessary updates to reflect current business practices and environment.

The cost incurred by the Group's internal audit function for FY2020 amounted to RM706,000.

This Audit Committee Report is made in accordance with the resolution of the Board on 22 October 2020.

Additional Compliance Information

i. Utilisation of Proceeds Raised from Corporate Proposal

During the financial year ended 31 July 2020 ("FY2020"), Scientex Quatari Sdn Bhd, a wholly-owned subsidiary of the Company, has made its third issuance of RM150 million in nominal value of unrated Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under the Sukuk Murabahah Programme which was established in FY2016. The details of the Sukuk Murabahah issued during the financial year and the utilisation of proceeds thereof are set out in Note 28(i) to the Audited Financial Statements of the Company for FY2020.

ii. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for FY2020 are as follows:-

Type of Services / External Auditors			Fees (RM'000)	
			Company	Group
Audit	:	Deloitte PLT	32	610
	:	Deloitte PLT's Affiliates	-	101
	:	Other Auditors	-	255
		Total Audit Fees	32	966
Non-Audit	:	Deloitte PLT	8	196
	:	Deloitte PLT's Affiliates	5	267
		Total Audit and Non-Audit Fees	45	1,429

The Group engaged the external auditors and its affiliates for the following non-audit services:-

i) to review the Statements on Risk Management and Internal Control of the Group and a listed subsidiary;
ii) to prepare and submit the annual tax return of the Group;
iii) to prepare the transfer pricing documentations of the Company's subsidiaries; and
iv) to facilitate the preparation of sustainability reporting and integrated report.

iii. Material Contracts

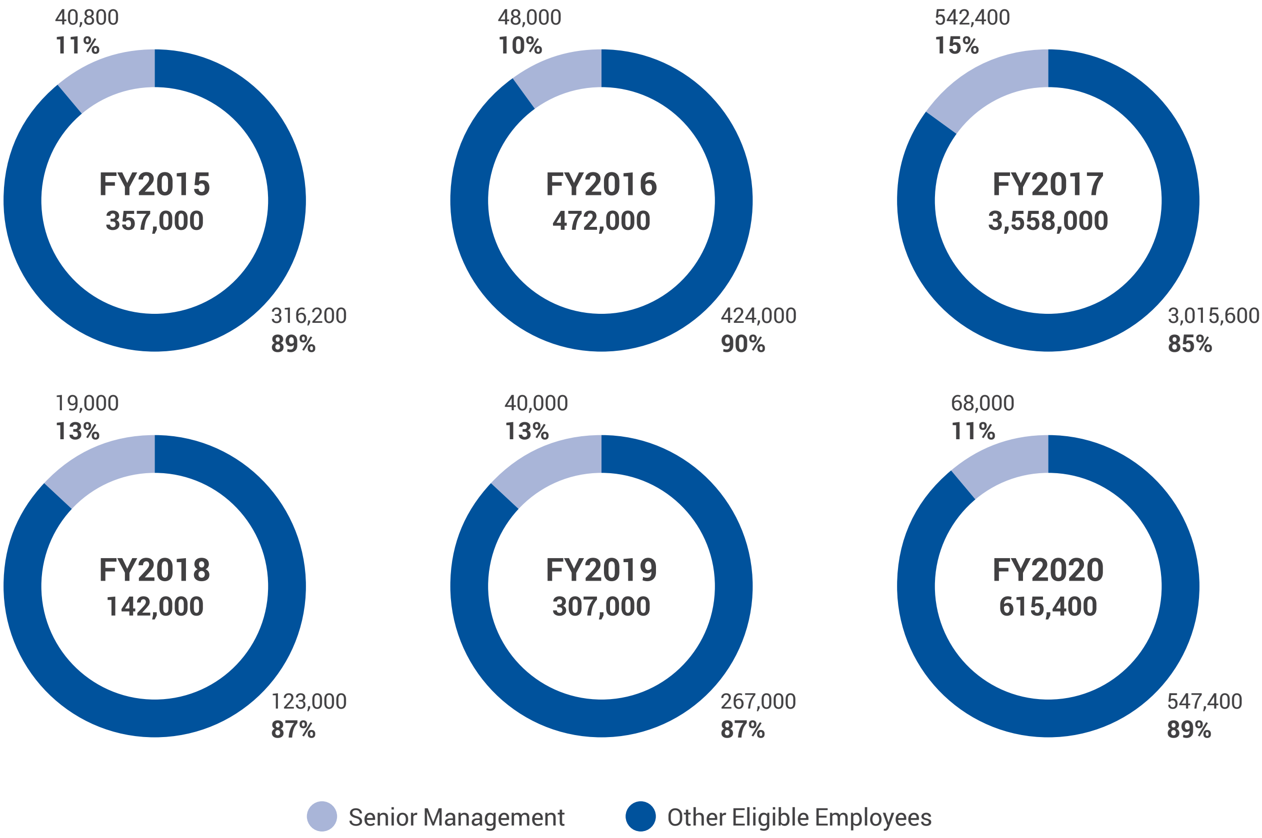
There were no material contracts entered into by or subsisting between the Company and/or its subsidiaries involving Directors' and major shareholders' interests during FY2020.

iv. Scientex Berhad Share Grant Plan

Under the Scientex Berhad Share Grant Plan ("SGP") which is the only share issuance scheme of the Company in FY2020, the Company granted and vested 615,400 new ordinary shares ("Shares") to the eligible employees of the Company and its subsidiaries during FY2020. Further information of the SGP is set out in the Report of the Directors and Note 26(b) to the Audited Financial Statements of the Company for FY2020.

Additional Compliance Information

Details of the number of SGP Shares granted, vested and outstanding since the commencement of the SGP on 21 January 2014 to FY2020 are set out below:



Based on the By-Laws of the SGP, the total number of Shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee, subject to the following:-

(i) The total number of Shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the SGP;

(ii) The allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of Shares to be issued under the SGP; and

(iii) Not more than 50% of the Shares to be issued under the SGP shall be allocated to the eligible employees who are in senior management of the Group.

As at 31 July 2020, 11.05% and 13.91% of the SGP Shares have been granted and vested to the senior management during FY2020 and since the commencement of the SGP respectively. None of the SGP Shares were granted or vested to the Directors of the Company under the SGP.

This page has been intentionally left blank.

Financial Statements

Report of The Directors

The directors of **SCIENTEX BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 16, 18 and 19 to the financial statements respectively.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit for the year	418,026	93,848
Profit attributable to:		
Owners of the Company	390,114	93,848
Non-controlling interests	27,912	-
	418,026	93,848

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the acquisition of a subsidiary as disclosed in Note 16 to the financial statements.

DIVIDENDS

Dividends paid and declared since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 July 2019:	
Single tier final dividend of 10 sen per ordinary share declared on 17 December 2019 and paid on 10 January 2020	51,588
In respect of the financial year ended 31 July 2020:	
Single tier interim dividend of 10 sen per ordinary share declared on 23 June 2020 and paid on 24 July 2020	51,587
	103,175

The directors had on 18 September 2020 proposed a single tier final dividend of 13 sen per ordinary share amounting to approximately RM67,192,000 in respect of the financial year ended 31 July 2020. The proposed single tier final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued shares from 515,261,472 ordinary shares to 515,876,872 ordinary shares by way of issuance of 615,400 ordinary shares at an issue price of RM9.76 per ordinary share pursuant to the Scientex Berhad Share Grant Plan ("SGP").

The new ordinary shares issued rank pari-passu in all respects with the existing ordinary shares of the Company. Further relevant details of the issuance of shares are disclosed in Note 26 to the financial statements.

Continued

ISSUE OF SHARES (CONT'D)

As at 31 July 2020, the total number of issued shares of the Company was 515,876,872 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

TREASURY SHARES

The Company did not purchase any of its issued ordinary shares from the open market during the financial year.

As at 31 July 2020, the Company held a total of 100 ordinary shares as treasury shares out of its 515,876,872 issued ordinary shares. Such treasury shares are held at a carrying amount of RM720. Further relevant details are disclosed in Note 27(c) to the financial statements.

SHARE GRANT PLAN ("SGP")

The SGP was approved by the shareholders on 17 December 2013 and is administered by the SGP Committee which is appointed by the Board of Directors, in accordance with the SGP By-Laws. The SGP was in force for a period of 5 years from the effective date of 21 January 2014 to 20 January 2019. In financial year 2019, the Company has extended its SGP which expired on 20 January 2019 for another 5 years effective from 21 January 2019 to 20 January 2024 in accordance with the terms and conditions of the SGP By-Laws.

The salient features, terms and conditions, details and vesting conditions of the SGP are as disclosed in Note 26(b) to the financial statements.

During the financial year, the Company granted and vested 615,400 new ordinary shares to the eligible employees of the Company and its subsidiaries under the SGP as disclosed in Note 26(b) to the financial statements. The issue share price as at the date of granting was RM9.76 per ordinary share.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in Note 41 to the financial statements.

Continued

DIRECTORS

The directors of the Company in office during the period since the beginning of the financial year to the date of this report are as follows:

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Lim Peng Jin
Lim Peng Cheong
Dato' Noorizah Binti Hj Abd Hamid
Ang Kim Swee
Wong Chin Mun

The directors of the subsidiaries of the Company in office during the period since the beginning of the financial year to the date of this report are as follows:

Lim Peng Jin
Koay Teik Chuan
Choo Seng Hong
Khaw Giet Thye
Gan Kok Khye
Chang Siew Sian
Goh Tian Chin
Phang Chi Ming
Wong Chee Kheong
Datuk Lim Kok Boon
Yasuo Nagae
Frengky
Tadaaki Koyama
Takeshi Nishimura
Tan Lian Kung
Kaoru Watanabe
Chih Chien May (Chi Jingmei)
Tan Yong Hee
Lew Wan Hong @ Law Wan Hong
Ng Boon Eu
Tan Chee Seng
Heng Fu Joe
Low Geoff Jin Wei
Caroline Ang Choo Bee
Faris Salim Cassim
Heong Mun Foo
Chang Chee Siong
U Kyaw Win Tun
U Myo Min Kyaw
Tan Chai Koon#
Wong Pei Pei*
Choon Ting Song*
Choo Chee Meng^
Chew Yew Kwong^
Yau Kuan Yee^
Lim Soo Koon^

* Appointed during the financial year.
^ Resigned/retired during the financial year.
# Existing director of a newly acquired subsidiary of the Company who remained in office upon the completion of the acquisition.

Continued

DIRECTORS' INTERESTS

The interests in shares in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares			
	Balance as at 1.8.2019	**Bought**	**Sold**	**Balance as at 31.7.2020**
Shares in the Company				
Direct interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	88,880	-	-	88,880
Lim Peng Jin	2,414,524	-	-	2,414,524
Lim Peng Cheong	50,000	-	-	50,000
Ang Kim Swee	101,000	30,000	-	131,000
Wong Chin Mun	81,000	-	-	81,000
Deemed/Indirect interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	250,000	-	(20,000)	230,000
Lim Peng Jin	278,768,278	6,448,000	-	285,216,278
Lim Peng Cheong	265,573,090	6,774,000	(254,000)	272,093,090
Ang Kim Swee	2,000	4,000	-	6,000

Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed to have interest in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year did not have any shares or beneficial interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than the fees and benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 37 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARY

The statutory financial year end of Scientex Tsukasa (Vietnam) Co., Ltd. ("STV"), a subsidiary of the Company, does not coincide with the financial year end of the Group. The Company was granted approval from Companies Commission of Malaysia pursuant to Section 247(3) of Companies Act, 2016 for this subsidiary to continue to adopt the financial year end that does not coincide with the Company's financial year end of 31 July. The Company has consolidated the financial position and results of STV based on the unaudited financial statements made up to the financial year of the Group.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a directors and officers liability insurance throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance premium paid during the financial year amounted to RM25,000.

No indemnity was given to or insurance effected for auditors of the Company and of the subsidiaries during the financial year.

Continued

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

In addition to the significant events disclosed elsewhere in this report, other significant and subsequent events are disclosed in Notes 16 and 41 to the financial statements.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 July 2020 is as disclosed in Note 8 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

LIM PENG JIN

LIM PENG CHEONG

Shah Alam, Selangor Darul Ehsan
22 October 2020

Independent Auditors' Report to The Members of Scientex Berhad

(Incorporated in Malaysia)

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of **SCIENTEX BERHAD**, which comprise the statements of financial position as at 31 July 2020 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 127 to 203.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue of property development activities recognised over time

The Group recognises revenue from its property development activities over time using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of physical proportion of contract work to date, certified by professional consultants. Estimated losses are recognised in full when determined. Property development projects and expense estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgements are required in determining the stage of completion, the extent of the property development projects incurred, the estimated total property development revenue and costs as well as the recoverability of the projects undertaken. In making these judgements, the Group has made reference to past experiences and by relying on the work of specialists.

Our audit response

We obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for property development activities and performed procedures to evaluate the design and implementation and operating effectiveness of such controls.

We evaluated the stage of completion used by management in their recognition of revenue against surveys of physical work performed by the Group's specialists. We independently recomputed the percentage of completion determined based on the proportion of property development costs incurred for work performed to date compared to the estimated total property development costs, for comparison purpose and performed site-visits for individually significant ongoing projects to arrive at an overall assessment as to whether the information provided by management was reasonable.

We assessed the reasonableness of management-prepared budgets for property development projects against letters of award issued to contractors, challenged management assumptions used in the preparation of the respective budgets and performed retrospective reviews.

We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations.

Continued

Impairment of goodwill

As at 31 July 2020, the Group recorded goodwill amounting to RM338,077,000 which arose from various acquisitions of subsidiaries during the current and previous financial years.

Goodwill is required to be tested for impairment annually. In determining the recoverable amount, the Group estimates value-in-use ("VIU") using expected future cash flows, which require judgements and application of significant assumptions with respect to the estimated amount and timing of operating cash flows of the cash-generating units ("CGUs") and applying suitable discount rates to the cash flows, as described in Notes 4 and 21 to the financial statements.

Our audit response

We obtained an understanding of the basis and key assumptions adopted by the Group in determining the VIU of the CGUs underpinned in the impairment model.

We challenged the key assumptions used, in particular, the reasonableness of future cash flows forecast, future sales volume and growth rates applied. We considered inputs from management and our understanding of industry and market outlook which is relevant to the CGUs.

We engaged our internal valuation specialist in challenging the reasonableness of discount rates used by management.

In addition, we performed retrospective review based on historical financial performance of the relevant CGUs.

We checked the mathematical accuracy of the impairment model and compared the recoverable amounts of the CGUs to the carrying amounts. We assessed sensitivity and the impact of a range of possible outcomes on the impairment assessment for any changes in key assumptions used i.e. pre-tax discount rate, Compounded Annual Growth Rate ("CAGR") and long-term inflation rate.

We have assessed the adequacy and appropriateness of the disclosures in relation to goodwill in the financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report and in the Annual Report of the Group, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 16 to the financial statements.

Continued

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

TEO SWEE CHUA
Partner - 02846/01/2022 J
Chartered Accountant

Kuala Lumpur
22 October 2020

Statements of Profit or Loss

For the financial year ended 31 July 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Revenue	5	3,518,601	3,247,446	98,849	205,367
Cost of sales	6	(2,713,680)	(2,563,509)	-	-
Gross profit		804,921	683,937	98,849	205,367
Other income		13,978	11,854	4,441	11,387
Selling and distribution expenses		(95,023)	(83,422)	-	-
Administration expenses		(141,455)	(129,379)	(3,351)	(4,581)
Other expenses		(32,966)	(21,213)	(7,738)	-
Finance costs	7	(16,345)	(15,533)	-	(324)
Share of results of associates and joint venture		11,152	4,344	-	-
Profit before tax	8	544,262	450,588	92,201	211,849
Income tax (expense)/ credit	11	(126,236)	(104,680)	1,647	140
Profit for the year		418,026	345,908	93,848	211,989
Profit for the year attributable to:					
Owners of the Company		390,114	333,697	93,848	211,989
Non-controlling interests		27,912	12,211	-	-
		418,026	345,908	93,848	211,989
Earnings per share					
Basic and diluted (sen per share)	12	75.66	66.66		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Other Comprehensive Income

For the financial year ended 31 July 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year	418,026	345,908	93,848	211,989
Other comprehensive income/(loss), net of income tax:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation of foreign operations	13,719	4,191	-	-
Item that will not be reclassified subsequently to profit or loss:				
Revaluation of land and buildings	43,482	-	9,615	-
Reversal of revaluation reserves	(7,228)	-	(3,544)	-
Remeasurement of defined benefits obligations	-	(1,268)	-	84
Other comprehensive income for the year, net of income tax	49,973	2,923	6,071	84
Total comprehensive income for the year, net of income tax	467,999	348,831	99,919	212,073
Total comprehensive income attributable to:				
Owners of the Company	433,753	335,137	99,919	212,073
Non-controlling interests	34,246	13,694	-	-
	467,999	348,831	99,919	212,073

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

As at 31 July 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	1,322,579	1,247,750	43,054	42,470
Right-of-use assets	14	7,477	-	-	-
Investment properties	15	16,900	17,000	-	-
Investment in subsidiaries	16	-	-	774,202	773,202
Land held for property development	17	972,973	721,419	-	-
Investment in joint venture	18	24,602	28,029	22,500	22,500
Investment in associates	19	46,548	55,605	3,000	3,000
Other investments	20	28,593	20,170	20,597	16,245
Deferred tax assets	31	18,970	25,344	-	-
Goodwill	21	338,077	293,703	-	-
		2,776,719	2,409,020	863,353	857,417
Current Assets					
Property development costs	17	340,416	384,759	-	-
Inventories	22	354,017	321,168	-	-
Trade receivables	23	559,792	595,782	-	-
Other receivables, deposits and prepaid expenses	24	155,065	135,026	84	274
Tax recoverable		1,182	4,082	-	-
Cash and cash equivalents	25	413,244	257,644	1,996	3,232
		1,823,716	1,698,461	2,080	3,506
TOTAL ASSETS		4,600,435	4,107,481	865,433	860,923

Statements of Financial Position

As at 31 July 2020 - continued

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	691,782	685,776	691,782	685,776
Reserves	27	1,869,610	1,539,242	158,034	161,290
Equity attributable to owners of the Company		2,561,392	2,225,018	849,816	847,066
Non-controlling interests		194,260	173,935	-	-
Total Equity		2,755,652	2,398,953	849,816	847,066
Non-Current Liabilities					
Borrowings	28	357,337	269,846	-	-
Lease liabilities	29	5,291	-	-	-
Retirement benefits obligations	30	39,032	36,434	7,820	7,465
Deferred tax liabilities	31	89,893	72,525	6,897	5,537
		491,553	378,805	14,717	13,002
Current liabilities					
Borrowings	28	683,723	703,968	-	-
Lease liabilities	29	4,133	-	-	-
Trade payables	32	443,040	438,245	-	-
Other payables and accrued expenses	33	181,427	158,980	896	842
Tax liabilities		40,907	28,530	4	13
		1,353,230	1,329,723	900	855
Total Liabilities		1,844,783	1,708,528	15,617	13,857
TOTAL EQUITY AND LIABILITIES		4,600,435	4,107,481	865,433	860,923

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes In Equity

For the financial year ended 31 July 2020

The Group	Share capital RM'000	Treasury shares RM'000	Non-distributable reserves: Property revaluation surplus RM'000	Non-distributable reserves: Foreign currency translation reserve RM'000	Non-distributable reserves: Other reserves RM'000	Distributable reserve: Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 August 2018	453,850	(1)	55,799	4,905	461	1,245,460	1,760,474	69,973	1,830,447
Profit for the year	-	-	-	-	-	333,697	333,697	12,211	345,908
Other comprehensive income/(loss) for the year	-	-	-	2,763	-	(1,323)	1,440	1,483	2,923
Total comprehensive income for the year	-	-	-	2,763	-	332,374	335,137	13,694	348,831
Issuance of ordinary shares for acquisition of a subsidiary (Note 26)	229,046	-	-	-	-	(2,070)	226,976	-	226,976
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	96,472	96,472
Realisation of revaluation surplus	-	-	(922)	-	-	922	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan (Note 26)	2,880	-	-	-	-	-	2,880	-	2,880
Dividends (Note 34)	-	-	-	-	-	(100,449)	(100,449)	(6,204)	(106,653)
As at 31 July 2019	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953
As at 1 August 2019	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953
Effect of adoption of MFRS 16 (Note 2)	-	-	-	-	-	(210)	(210)	(251)	(461)
As at 1 August 2019, as restated	685,776	(1)	54,877	7,668	461	1,476,027	2,224,808	173,684	2,398,492
Profit for the year	-	-	-	-	-	390,114	390,114	27,912	418,026
Other comprehensive income for the year	-	-	35,842	7,797	-	-	43,639	6,334	49,973
Total comprehensive income for the year	-	-	35,842	7,797	-	390,114	433,753	34,246	467,999
Non-controlling interests arising from fair value adjustments (Note 16(b))	-	-	-	-	-	-	-	(561)	(561)
Issuance of ordinary shares pursuant to Share Grant Plan (Note 26)	6,006	-	-	-	-	-	6,006	-	6,006
Dividends (Note 34)	-	-	-	-	-	(103,175)	(103,175)	(13,109)	(116,284)
As at 31 July 2020	691,782	(1)	90,719	15,465	461	1,762,966	2,561,392	194,260	2,755,652

Statements of Changes In Equity

For the financial year ended 31 July 2020 - continued

The Company	Share capital RM'000	Treasury shares RM'000	Non-distributable reserves: Property revaluation surplus RM'000	Non-distributable reserves: Other reserves RM'000	Distributable reserve: Retained earnings RM'000	Total equity RM'000
As at 1 August 2018	453,850	(1)	20,018	68	31,651	505,586
Profit for the year	-	-	-	-	211,989	211,989
Other comprehensive income for the year	-	-	-	-	84	84
Total comprehensive income for the year	-	-	-	-	212,073	212,073
Issuance of ordinary shares for acquisition of a subsidiary (Note 26)	229,046	-	-	-	(2,070)	226,976
Issuance of ordinary shares pursuant to Share Grant Plan (Note 26)	2,880	-	-	-	-	2,880
Dividends (Note 34)	-	-	-	-	(100,449)	(100,449)
As at 31 July 2019	685,776	(1)	20,018	68	141,205	847,066
As at 1 August 2019	685,776	(1)	20,018	68	141,205	847,066
Profit for the year	-	-	-	-	93,848	93,848
Other comprehensive income for the year	-	-	6,071	-	-	6,071
Total comprehensive income for the year	-	-	6,071	-	93,848	99,919
Issuance of ordinary shares pursuant to Share Grant Plan (Note 26)	6,006	-	-	-	-	6,006
Dividends (Note 34)	-	-	-	-	(103,175)	(103,175)
As at 31 July 2020	691,782	(1)	26,089	68	131,878	849,816

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

For the financial year ended 31 July 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	544,262	450,588	92,201	211,849
Adjustments for:				
Depreciation of property, plant and equipment	107,405	92,283	872	1,026
Depreciation of right-of-use assets	3,258	-	-	-
Finance costs	16,345	15,533	-	324
Increase in liability for defined benefit plan	5,054	4,988	355	368
Unrealised (gain)/loss on foreign exchange	(6,648)	4,956	-	-
Share grant plan expense	6,006	2,880	-	-
Impairment loss on trade receivables	1,005	1,598	-	-
Impairment of goodwill	4,000	-	-	-
Write off of bad debts	28	89	-	-
Property, plant and equipment written off	4,004	9	-	-
Impairment loss on property, plant and equipment	10,660	-	7,651	-
Share of results of associates and joint venture	(11,152)	(4,344)	-	-
Interest income	(5,417)	(3,937)	(90)	(155)
Fair value gain on other investments	(4,423)	(1,781)	(4,352)	(1,254)
Fair value loss on investment properties	100	-	-	-
Dividend income	(1,042)	(1,113)	(98,729)	(205,247)
Reversal of impairment loss on trade receivables	(1,392)	(1,085)	-	-
Gain on disposal of property, plant and equipment	(325)	(977)	-	-
Write off/(Write back) of inventories	1,605	(47)	-	-
Operating Profit/(Loss) Before Working Capital Changes	673,333	559,640	(2,092)	6,911
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(22,117)	20,771	-	-
Property development costs	93,602	84,062	-	-
Receivables	63,981	(35,378)	190	86
Increase/(Decrease) in payables	14,950	16,991	54	(30)
Cash From/(Used In) Operations	823,749	646,086	(1,848)	6,967
Income tax paid	(109,791)	(88,168)	(38)	(33)
Income tax refunded	3,794	-	-	-
Retirement benefits obligations paid	(2,415)	(953)	-	-
Net Cash From/(Used In) Operating Activities	715,337	556,965	(1,886)	6,934

Statements of Cash Flows

For the financial year ended 31 July 2020 - continued

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest received	5,417	3,937	90	155
Proceeds from disposal of property, plant and equipment	593	3,440	-	-
Reduction in purchase consideration of a subsidiary	-	1,758	-	-
Dividend income received	13,567	1,729	98,729	205,247
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(89,931)	(80,123)	-	(93,050)
Additional investment in a subsidiary	-	-	(1,000)	-
Purchase of property, plant and equipment	(79,357)	(48,324)	-	-
Deposit paid for purchase of plant and equipment	(55,042)	(39,226)	-	-
Purchase of land held for property development	(265,817)	(97,693)	-	-
Deposit paid for purchase of land held for property development	(16,282)	(31,594)	-	-
Deposit paid for acquisition of a subsidiary	-	(12,500)	-	-
Purchase of other investments	(4,000)	(12)	-	(12)
Proceeds from disposal of an associate	10,000	-	-	-
Net Cash (Used In)/From Investing Activities	(480,852)	(298,608)	97,819	112,340
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Net (repayment)/drawdown of short-term borrowings	(10,924)	30,551	-	(20,000)
Dividends paid to:				
Shareholders of the Company	(103,175)	(100,449)	(103,175)	(100,449)
Non-controlling shareholders of subsidiaries	(13,109)	(6,204)	-	-
Net drawdown/(repayment) of Sukuk Murabahah	100,000	(50,000)	-	-
Repayment of lease liabilities	(2,824)	-	-	-
Finance costs paid	(27,310)	(29,798)	-	(324)
Net repayment of term loans	(21,543)	(15,059)	-	-
Expenses incurred in connection with issuance of shares	-	(2,070)	-	(2,070)
Proceeds from subsidiaries in respect of share grant plan	-	-	6,006	2,880
Net Cash Used In Financing Activities	(78,885)	(173,029)	(97,169)	(119,963)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	155,600	85,328	(1,236)	(689)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	257,644	172,316	3,232	3,921
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 25)	413,244	257,644	1,996	3,232

The accompanying Notes form an integral part of the Financial Statements.

Notes to The Financial Statements

For the financial year ended 31 July 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 16, 18 and 19 respectively.

The Company's registered office and principal place of business are located at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 22 October 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of new and amendments to MFRSs and IC interpretation ("IC Int.")

In the current financial year, the Group has applied a number of new and amendments to MFRS and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for the financial statements of the Group and the Company for the financial year ended 31 July 2020:

MFRS 16	Leases
Amendments to MFRS 9	Financial Instrument - Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
IC Int. 23	Uncertainty over Income Tax Payments
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2019 Cycle: Amendments to MFRS 3 *Business Combination*, MFRS 11 *Joint Arrangement*, MFRS 112 *Income Taxes* and MFRS 123 *Borrowing Costs*

The adoption of the above new and amendments to MFRS and IC Int. does not have any material impact on the financial statements of the Group and of the Company in the period of its initial application except as disclosed below:

Impacts of Application of MFRS 16 Leases

In the current financial year, the Group has adopted MFRS 16 Leases ("MFRS 16") effective for the annual financial period beginning on or after 1 January 2019. The date of initial application is as of the beginning of the reporting period i.e. 1 August 2019.

The standard introduces a single lease accounting for lessees on statements of financial position. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

Right-of-use assets and lease liabilities are disclosed as a single line in the statement of financial position.

The Group elects to apply MFRS 16 retrospectively with no restatement of comparative. Cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained profits and reserves as at 1 August 2019.

Continued

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Impacts of Application of MFRS 16 Leases (cont'd)

The impact on the changes to the accounting policies applied to lease contracts entered into by the Group as compared to those applied in previous financial statements are disclosed as below:

The Group	As reported at 31 July 2019 RM'000	Effect on adoption of MFRS 16 RM'000	Adjusted opening balance at 1 August 2019 RM'000
Right-of-use assets	-	7,149	7,149
Lease liabilities	-	8,585	8,585
Accrued expenses	94,215	(975)	93,240
Retained earnings	1,476,237	(210)	1,476,027
Non-controlling interests	173,935	(251)	173,684

The difference between the opening balance sheet impact as at 1 August 2019 and the off-balance sheet commitments is primarily due to discounting of future lease payments and short-term lease commitments which are not included in the lease liability.

Refer to the table below for the reconciliation:

	The Group RM'000
Operating lease commitment disclosed as at 31 July 2019	5,864
Short-term leases not recognised as lease liabilities	(1,249)
Impact of discounting using the incremental borrowing rate as at 1 August 2019	(486)
Present value of lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	4,456
Lease liabilities recognised as at 1 August 2019	8,585

New and amendments to MFRS that are issued but not yet effective

As at the date of authorisation of these financial statements, certain new and amendments to MFRS have been published by the MASB but are not yet effective, and have not been adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts[5]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 3	Reference to Conceptual Framework[4]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to MFRS 16	COVID-19 - Related Rent Concessions[2]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[4]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[4]
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020[4]
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]

[1] Effective for annual periods beginning on or after 1 January 2020.
[2] Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
[6] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

Continued

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

New and amendments to MFRS that are issued but not yet effective (cont'd)

The directors anticipate that the abovementioned MFRSs, amendments to MFRS and IC Interpretation will be adopted in the annual financial statements of the Group and the Company when they become effective. The adoption of these Standards, Amendments and IC Interpretation are not expected to have significant impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis except as disclosed in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;
- Level 2 are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Continued

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Subsidiaries and Basis of Consolidation (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interests were disposed of.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date - and is subject to a maximum of one year.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associates and Joint Venture (cont'd)

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate or joint venture that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Sales of goods

Revenue from the sale of goods is recognised at a point in time when the products have been transferred to the customers and coincide with the delivery of products and acceptance by customers.

Rendering of services

Revenue from rendering of management and technical services is recognised over time when the services have been rendered by reference to the contracts entered into.

Property development revenue

The Group recognises revenue over time using the output method, which is based on the level of completion of physical proportion of contract work to date, certified by professional consultants. Control of the asset is transferred over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Revenue from property development projects is accounted for using the percentage of completion method where the outcome of the development activity can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the financial year. The percentage/stage of completion is determined by the surveys of physical work performed of the property development work.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Sale of completed properties

Revenue from sale of completed properties is recognised at a point in time upon the finalisation of sale and purchase agreements by the end of the financial year and when the control of the properties has been passed to the customers.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably).

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognised on a straight line basis over the tenure of the rental period of properties.

Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under MFRS 117. The details of accounting policies under both MFRS 117 and MFRS 16 are presented separately below:

Accounting policies applied from 1 August 2019

The Group and the Company assess whether a contract is or contains a lease, as of the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined based on threshold that determined appropriate). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Continued

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Leases (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate as at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made as at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts as at the commencement date of the lease, based on the average of remaining lease terms, as follows:

Buildings	10% - 50%
Machineries	25% - 50%

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group and the Company apply MFRS 136 Impairment of Assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included profit or loss.

Accounting policies applied until 31 July 2019

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

Assets under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the finance expenses and reduction of the lease obligation as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy in borrowing. Contingent rentals are recognise as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;

(b) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(c) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(d) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint venture not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange difference arising are recognised in other comprehensive income.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee Benefits

Short-Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

Post-Employment Benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate. These benefit plans are either defined contribution or defined benefit plans.

(a) Defined Contribution Plans

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined Benefit Plan

The Group and the Company operate an unfunded defined benefit lump sum plan covering eligible employees. The retirement benefit accounting cost is assessed using the Projected Unit Credit Method, with actuarial valuation being carried out every five years.

The retirement benefit obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The Group adopts the option offered by the Amendments to MFRS 119, *Employee Benefits*, to recognise through other comprehensive income all actuarial gains and losses.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that is measured using the fair value model, the carrying amount of such property is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The directors of the Group have reviewed the Group's investment properties portfolio and concluded that none of the Group's investment properties is held under a business model whose objectives is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment properties based on the expected rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment of Non-financial Assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Non-financial Assets (cont'd)

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or its cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, except for freehold land and buildings, are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its land and building every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the property revaluation surplus account, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the property revaluation surplus account.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation surplus account in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the cost will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Depreciation is calculated to write off the cost or valuation of assets (other than freehold land and capital work-in-progress) to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation period and rates are as follows:

Long-term leasehold land	27 to 78 years
Buildings	2% - 7%
Staff quarters and apartment	2%
Plants and machinery, tools and equipment	5% - 20%
Office equipment, furniture and fittings	5% - 33%
Motor vehicles	12.5% - 25%

Freehold land is not depreciated. Capital work-in-progress represents factory buildings and machineries under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

The residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Investment Properties

Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment properties under construction is not reliably determinable, the investment properties under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the property is derecognised.

Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment properties portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Inventories

Materials and goods

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Completed property units: cost of construction materials and raw materials comprises costs of purchase and other direct charges. The cost of completed properties, determined on specific identification basis, comprise cost of land, construction and appropriate development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Property Development

Land held for property development and costs attributable to the development activities which are held for future development where no significant development has been undertaken, is stated at lower of cost and net realisable value.

Land held for property development is classified as property development costs under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories (cont'd)

Property Development Costs

Property development costs are determined on a specific identification basis. Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that meet the definition of inventories are recognised as an asset and stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date. Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liability is recognised as revenue when the Group performs its obligation under the contracts.

Contract Costs

The Group recognises the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incur to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit and loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contingent Liabilities and Contingent Assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial Instruments

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial Assets

(i) Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset (unless it is a trade receivable without significant financing component) or a financial liability at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance. Transaction costs of financial assets at FVTPL are recognised immediately in profit or loss.

Trade receivables without a significant financing component are initially measured at transaction price in accordance with MFRS 15.

Regular way of purchase or sale of a financial asset is recognised on the trade date, the date on which the Group and the Company commit to purchase or sell an asset.

(ii) Classification and Subsequent Measurement

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured at fair value (either through other comprehensive income ("FVTOCI") or through profit or loss ("FVTPL")); and

(b) those to be measured at amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gain and losses will be recorded in either profit or loss or other comprehensive income ("OCI").

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(a) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less accumulated impairment.

Interest income from these financial assets is calculated using the effective interest rate method and is recognised in profit or loss.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

(ii) Classification and Subsequent Measurement (cont'd)

(a) Financial assets at amortised cost (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. For credit-impaired financial assets the effective interest rate shall be applied to the amortised cost of the financial asset in subsequent reporting periods.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

This category comprises investment in equity instruments which are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in fair value of the investments in OCI. The election is made on an investment by-investment basis. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Dividend income from these investments is recognised in profit or loss when the right to receive payment of the dividend is established.

The Group and the Company subsequently measure all investments in equity instruments at fair value.

(c) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fair value changes are recognised in profit or loss in the period in which it arises.

(iii) Impairment of financial assets and contract assets

An impairment loss is recognised in profit or loss based on expected credit losses ("ECL") at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the end of reporting period.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime ECL. The ECL are estimated based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For other financial assets such as other receivables and amount due from intercompany, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the impairment losses for that financial instrument at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without due cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

(iii) Impairment of financial assets and contract assets (cont'd)

At the end of each reporting period, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Group and the Company are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group and the Company do not expect any losses from default or non-performance by the counterparties.

(iv) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss, except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

Financial Liabilities and Equity Instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

(iii) Financial liabilities (cont'd)

- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(v) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the impairment loss determined in accordance with MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Group and of the Company within the next financial year is disclosed below.

Depreciation of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Details are disclosed in Note 13.

Impairment losses of trade receivables

The Group and the Company recognise impairment loss for financial assets based on assumption about risk of default and expected credit loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed. Details are disclosed in Note 23.

Property development projects

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the progress towards satisfaction of performance obligations are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Note 3 describes the Group's policy to recognise revenue from sales of properties by reference to the progress towards satisfaction of performance obligations. Property development revenue is recognised in respect of all development units that have been sold.

As at 31 July 2020, the Group recognised revenue of RM919,288,000 (2019: RM859,931,000) and cost of RM566,815,000 (2019: RM507,920,000), arising from the property development activities recognised over time using the stage of completion method.

Continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Fair value of land and buildings and investment properties

The valuation of land and buildings and investment properties performed by the Group and the Company are based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The directors are of the opinion that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's and of the Company's land and buildings and investment properties. Details are disclosed in Notes 13 and 15 respectively.

Impairment of goodwill

The determination of the recoverable amount of the CGU assessed in the annual goodwill impairment test requires an estimate of the fair value net of disposal costs and the value-in-use. The assessment of the value-in-use requires assumptions to be made with respect of the operating cash flows of the CGU as well as the discount rate. The CGUs for the purpose of impairment of goodwill are mainly arose from the Group's packaging segment as a result of current and previous year acquisitions.

Evaluation for impairment is significantly impacted by estimates of future prices for the products, the evolution of expenses, economic trends in the local and international sectors, expectations of long-term development of growing markets and other factors. The results of such evaluation are also impacted by the discount rates and perpetual growth rate used.

The carrying amount of the goodwill at the end of the reporting period is disclosed in Note 21.

Net realisable value of completed property units

Inventories of completed property units are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future products demand and related pricing. Possible changes in these estimates could result in revisions to the valuation of inventories. Details are disclosed in Note 22.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unused tax credit to the extent that it is probable that future taxable profits will be available against which these losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in Note 31.

Purchase price allocation

The Group completed the purchase price allocation exercise in relation to the acquisition of Daibochi Berhad and Mega Printing & Packaging Sdn. Bhd. with the assistance of an external professional advisor to determine the fair values of the net identifiable assets and liabilities pursuant to the requirements of MFRS 3. Significant management judgement was involved in determining the fair values of the identifiable assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions. Details are disclosed in Note 16.

Valuation of other investments at fair value through profit or loss ("FVTPL")

The Group and the Company measure other investments at FVTPL at fair value. The fair values of certain investments in unquoted equity are determined based on valuation techniques which involve the use of estimates. The fair value measurements of these financial assets are disclosed in Note 20.

Continued

5. REVENUE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Sale of goods	2,551,141	2,357,807	-	-
Property development:				
Sale of properties under development	919,288	859,931	-	-
Sale of completed properties	46,795	27,909	-	-
Management fees from associate	120	120	120	120
	3,517,344	3,245,767	120	120
Revenue from other sources:				
Rental income	620	581	-	-
Gross dividends from:				
Subsidiaries	-	-	93,592	203,533
Joint venture	-	-	4,500	-
Associate	-	-	-	616
Unquoted shares:				
Outside Malaysia	637	623	637	623
In Malaysia	-	475	-	475
	1,257	1,679	98,729	205,247
	3,518,601	3,247,446	98,849	205,367
Timing of revenue recognition				
Revenue from contracts with customers:				
At a point in time	2,597,936	2,385,716	-	-
Over time	919,408	860,051	120	120
	3,517,344	3,245,767	120	120

6. COST OF SALES

	The Group	
	2020 RM'000	2019 RM'000
Cost of inventories sold:		
Manufacturing	2,116,691	2,036,715
Completed properties	30,174	18,874
Property development costs (Note 17(b))	566,815	507,920
	2,713,680	2,563,509

Continued

7. FINANCE COSTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses on:				
Sukuk Murabahah	12,366	14,265	-	-
Revolving credits	9,427	10,932	-	324
Bankers acceptances	984	1,695	-	-
Onshore foreign currency loans	3,052	1,519	-	-
Term loans	962	1,387	-	-
Lease interest	519	-	-	-
	27,310	29,798	-	324
Less: Amount capitalised in land held for property development	(10,965)	(14,265)	-	-
Total finance costs	16,345	15,533	-	324

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss/(Gain) on foreign exchange:				
Realised	24,854	16,257	86	23
Unrealised	(6,648)	4,956	-	-
Rental of:				
Buildings	1,029	2,327	-	-
Machinery and equipment	969	1,927	-	-
Auditors' remuneration:				
Statutory audit	966	952	32	32
Other services	196	18	8	8
Remuneration of other professional services rendered by affiliates of auditors	267	545	5	4
Write off of bad debts	28	89	-	-
Property, plant and equipment written off	4,004	9	-	-
Impairment of property, plant and equipment	10,660	-	7,651	-
Impairment of goodwill	4,000	-	-	-
Fair value loss on investment properties	100	-	-	-
Interest income	(5,417)	(3,937)	(90)	(155)
Rental income	(3,628)	(3,180)	-	-
Fair value gain on other investments	(4,423)	(1,781)	(4,352)	(1,254)
Gain on disposal of property, plant and equipment	(325)	(977)	-	-
Write off/(Write back) of inventories	1,605	(47)	-	-
Dividend income	(405)	(15)	-	-

Continued

9. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2020 RM'000	2019 RM'000
Wages, salaries and other emoluments	240,971	192,740
Contributions to defined contribution plan	19,965	16,271
Increase in liability for defined benefit plan (Note 30)	5,054	4,988
Share grant plan	6,006	2,880
Social security contributions	2,078	1,429
	274,074	218,308

The Company does not have any employees since it is an investment holding company and the directors' remuneration is disclosed in Note 10.

During the current financial year, the Company granted and vested 615,400 (2019: 307,000) new ordinary shares to eligible employees of the Group under the Scientex Berhad Share Grant Plan (Note 26(b)).

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company, during the financial year are as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	9,770	8,870	300	460
Defined contribution plan	1,759	1,597	54	83
Fees	120	120	120	120
	11,649	10,587	474	663
Non-executive:				
Fees	610	610	610	610
	12,259	11,197	1,084	1,273

Continued

11. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax expense/(credit):				
Malaysian income tax	115,746	85,364	29	42
Foreign tax	7,452	7,634	-	-
Real property gain tax	-	88	-	-
Withholding tax	1,500	-	-	-
Overprovision in prior years	(2,358)	(308)	-	(1)
	122,340	92,778	29	41
Deferred tax (Note 31):				
Current year	4,513	12,230	(2,220)	(180)
(Over)/Underprovision in prior years	(617)	(328)	544	(1)
	3,896	11,902	(1,676)	(181)
	126,236	104,680	(1,647)	(140)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The below reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

A reconciliation of income tax expense/(credit) applicable to profit before tax at the statutory income tax to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	544,262	450,588	92,201	211,849
Tax at statutory tax rate of 24% (2019: 24%)	130,623	108,141	22,128	50,844
Tax effects of:				
Non-taxable income	(2,289)	(6,371)	(24,740)	(51,979)
Different tax rates in other countries	(4,392)	(4,878)	-	-
Share of results of associates and joint venture	(2,677)	(1,043)	-	-
Non-deductible expenses	7,855	7,785	421	997
Adjustment to deferred tax attributable to changes in real property gain tax rate	-	2,800	-	-
Recognition of deferred tax arising from reinvestment allowances	(1,184)	(1,086)	-	-
Utilisation of capital allowances and other deductible temporary differences previously not recognised	(333)	(139)	-	-
Deferred tax assets not recognised	108	19	-	-
Real property gain tax	-	88	-	-
Withholding tax	1,500	-	-	-
(Over)/Underprovision in prior years:				
Income tax	(2,358)	(308)	-	(1)
Deferred tax	(617)	(328)	544	(1)
	126,236	104,680	(1,647)	(140)

Continued

12. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share ("EPS") is based on the consolidated profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	The Group	
	2020 RM'000	**2019 RM'000**
Profit for the year attributable to owners of the Company	390,114	333,697

	The Group	
	2020 Units'000	**2019 Units'000**
Weighted average number of ordinary shares in issue	515,641	500,572

	The Group	
	2020	**2019**
Basic EPS (sen)	75.66	66.66

Diluted earnings per share

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

Continued

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As at 1 August 2018	153,772	89,531	266,291	1,454	1,357,529	55,268	13,271	19,291	1,956,407
Additions	271	-	521	-	31,447	5,284	1,727	12,004	51,254
Disposals	-	(2,183)	-	(226)	(3,578)	(12)	(1,119)	-	(7,118)
Written off	-	-	-	-	(340)	(103)	(5)	-	(448)
Reclassification	-	-	-	-	11,990	-	-	(11,990)	-
Acquisition of a subsidiary (Note 16(b))	3,900	11,900	41,703	-	196,106	10,794	3,945	-	268,348
Fair value adjustment	(3,650)	-	(257)	-	(19,570)	(1,049)	-	-	(24,526)
Exchange differences	52	63	447	-	1,342	61	6	266	2,237
As at 31 July 2019	154,345	99,311	308,705	1,228	1,574,926	70,243	17,825	19,571	2,246,154
Accumulated depreciation									
As at 1 August 2018	-	4,749	24,451	372	725,307	40,639	10,281	-	805,799
Charge for the year	-	1,193	7,917	25	78,133	3,431	1,584	-	92,283
Disposals	-	(224)	-	(66)	(3,295)	(12)	(1,058)	-	(4,655)
Written off	-	-	-	-	(340)	(98)	(1)	-	(439)
Acquisition of a subsidiary (Note 16(b))	-	-	3,133	-	112,308	7,755	2,524	-	125,720
Fair value adjustment	-	-	(6,009)	-	(14,197)	(635)	-	-	(20,841)
Exchange differences	-	43	23	-	447	20	4	-	537
As at 31 July 2019	-	5,761	29,515	331	898,363	51,100	13,334	-	998,404

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As at 1 August 2019	154,345	99,311	308,705	1,228	1,574,926	70,243	17,825	19,571	2,246,154
Additions	-	-	4,967	14	74,377	4,997	1,812	9,123	95,290
Disposals	-	-	-	-	(3,780)	(11)	(1,771)	-	(5,562)
Written off	-	-	(3,163)	-	(21,241)	(568)	-	-	(24,972)
Impairments	-	-	(13,952)	-	(71,813)	(2,215)	(123)	-	(88,103)
Reclassification	-	-	(2,485)	-	2,480	69	-	(64)	-
Acquisition of a subsidiary (Note 16(a))	-	6,520	15,100	726	68,364	4,538	2,022	2	97,272
Revaluation	4,373	53,240	(1,161)	-	-	-	-	-	56,452
Elimination of accumulated depreciation on revaluation	-	(5,042)	(24,429)	-	-	-	-	-	(29,471)
Exchange differences	96	115	904	-	3,272	242	(3)	633	5,259
As at 31 July 2020	158,814	154,144	284,486	1,968	1,626,585	77,295	19,762	29,265	2,352,319
Accumulated depreciation									
As at 1 August 2019	-	5,761	29,515	331	898,363	51,100	13,334	-	998,404
Charge for the year	-	1,401	8,943	40	90,500	4,713	1,808	-	107,405
Disposals	-	-	-	-	(3,719)	(8)	(1,567)	-	(5,294)
Written off	-	-	(556)	-	(19,955)	(457)	-	-	(20,968)
Impairments	-	-	(1,805)	-	(66,129)	(2,158)	(123)	-	(70,215)
Reclassification	-	-	(2,947)	-	2,941	6	-	-	-
Acquisition of a subsidiary (Note 16(a))	-	-	-	36	43,614	2,949	1,885	-	48,484
Elimination of accumulated depreciation on revaluation	-	(5,042)	(24,429)	-	-	-	-	-	(29,471)
Exchange differences	-	43	122	-	1,191	57	(18)	-	1,395
As at 31 July 2020	-	2,163	8,843	407	946,806	56,202	15,319	-	1,029,740
Net book value									
As at 31 July 2019	154,345	93,550	279,190	897	676,563	19,143	4,491	19,571	1,247,750
As at 31 July 2020	158,814	151,981	275,643	1,561	679,779	21,093	4,443	29,265	1,322,579

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Valuation/Cost						
As at 1 August 2018/ 31 July 2019	32,000	13,000	481	2,815	1,013	49,309
Accumulated depreciation						
As at 1 August 2018	1,170	1,083	166	2,651	743	5,813
Charge for the year	390	361	10	64	201	1,026
As at 31 July 2019	1,560	1,444	176	2,715	944	6,839
Valuation/Cost						
As at 1 August 2019	32,000	13,000	481	2,815	1,013	49,309
Impairments	-	(13,000)	-	-	-	(13,000)
Revaluation	12,651	-	-	-	-	12,651
Elimination of accumulated depreciation on revaluation	(1,951)	-	-	-	-	(1,951)
As at 31 July 2020	42,700	-	481	2,815	1,013	47,009
Accumulated depreciation						
As at 1 August 2019	1,560	1,444	176	2,715	944	6,839
Charge for the year	391	361	9	42	69	872
Impairments	-	(1,805)	-	-	-	(1,805)
Elimination of accumulated depreciation on revaluation	(1,951)	-	-	-	-	(1,951)
As at 31 July 2020	-	-	185	2,757	1,013	3,955
Net book value						
As at 31 July 2019	30,440	11,556	305	100	69	42,470
As at 31 July 2020	42,700	-	296	58	-	43,054

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Freehold land and buildings of the Group with a carrying value of RMNil (2019: RM184,874,000) have been charged as security for borrowings (Note 28).

(ii) If the land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Freehold land	154,083	153,987	-	-
Leasehold land	46,783	40,918	743	757
Buildings	275,261	270,032	-	4,580
	476,127	464,937	743	5,337

Freehold land, leasehold land and buildings of the Group and the Company were revalued in July 2020 by accredited independent professional valuers, based on the comparison and cost method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

Qualitative information about fair value measurement of freehold land, leasehold land and buildings performed using significant unobservable inputs (Level 3) as at 31 July 2020 are as follows:

Valuation Technique	Significant Unobservable Inputs
Comparison method	Difference in size, location, timing of transaction, freehold/leasehold tenure and improvement on land
Cost method	Construction price per square feet

Comparison method

Under comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for size, location, timing of transactions, freehold/leasehold tenure and improvement on land and other differences. Fair value of properties derived using comparison method have been generally included in Level 3 fair value hierarchy due to the adjustments mentioned above. The most significant input into this valuation approach is price per square feet of comparable properties.

Cost method

In the cost method of valuation, the market value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its present market value.

14. RIGHT-OF-USE ASSETS

The Group	Buildings RM'000	Machineries RM'000	Total RM'000
Cost			
As at 1 August 2019	-	-	-
Effect of adoption of MFRS 16	5,701	1,448	7,149
Additions	1,183	2,120	3,303
Modification of lease contract	(34)	(63)	(97)
Exchange differences	378	-	378
As at 31 July 2020	7,228	3,505	10,733

Continued

14. RIGHT-OF-USE ASSETS (CONT'D)

The Group	Buildings RM'000	Machineries RM'000	Total RM'000
Accumulated depreciation			
As at 1 August 2019	-	-	-
Depreciation for the year	1,860	1,398	3,258
Modification of lease contract	(5)	(16)	(21)
Exchange differences	19	-	19
As at 31 July 2020	1,874	1,382	3,256
Carrying amounts			
As at 31 July 2020	5,354	2,123	7,477

15. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Building RM'000	Total RM'000
At fair value:			
As at 1 August 2018/ 31 July 2019	12,200	4,800	17,00
Change in fair value	(200)	100	(100)
As at 31 July 2020	12,000	4,900	16,900
As at 31 July 2019	12,200	4,800	17,000

The revaluation of the investment properties has been performed by an accredited independent valuer in the financial years ended 31 July 2020 and 31 July 2019, based on comparison and cost method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

Qualitative information about fair value measurement of investment properties performed using significant unobservable inputs (Level 3) as at 31 July 2020 and 31 July 2019:

Valuation Technique	Significant Unobservable Inputs
Comparison method	Difference in size, location, timing of transaction, freehold/leasehold tenure and improvement on land
Cost method	Construction price per square feet

The valuation technique of comparison and cost method are similarly disclosed in Note 13(ii).

The property rental income earned by the Group from its investment properties, all of which are leased out amounting to RM620,000 (2019: RM581,000). Direct operating expenses arising from the investment properties amounted to RM157,000 (2019: RM133,000).

Continued

16. INVESTMENT IN SUBSIDIARIES

	The Company 2020 RM'000	The Company 2019 RM'000
Unquoted shares, at cost:		
At beginning of year	451,106	451,106
Additions	1,000	-
At end of year	452,106	451,106
Quoted shares, at cost:		
At beginning of year	322,096	-
Additions	-	322,096
At end of year	322,096	322,096
	774,202	773,202
Market value of quoted shares	563,193	364,657

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	Proportion of ownership interest and voting power held by the Group 2019 %	Principal Activities
Scientex Quatari Sdn. Bhd. ("SQSB")	Malaysia	100	100	Investment holding, property investment and development
Scientex Packaging Film Sdn. Bhd. ("SPF")	Malaysia	100	100	Manufacturing of stretch film and investment holding
Scientex Industries Group Sdn. Bhd. ("SIG")	Malaysia	100	100	Manufacturing and distribution of polyvinyl chloride ("PVC") films and sheets, PVC leather cloth and PVC sheeting, thermoplastic olefins/ polypropylene ("PP") and PVC/PP foam skin materials for automotive interior, and trading of packaging related materials.
Scientex Management Sdn. Bhd. ("SMSB")[1]	Malaysia	100	100	Rendering of management services
Scientex Polymer Sdn. Bhd.	Malaysia	100	100	Investment holding
Scientex Tsukasa (Vietnam) Co., Ltd. ("STV")*	Vietnam	60	60	Manufacturing of PP woven bags, fabrics, bulk bags and polyethylene tying tapes
Daibochi Berhad ("Daibochi" or "DM")	Malaysia	61.89	61.89	Manufacturing and marketing of flexible packaging materials

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
Subsidiaries of SQSB				
Scientex Heights Sdn. Bhd. ("SHSB")	Malaysia	100	100	Property development
Scientex Park (M) Sdn. Bhd. ("SPSB")	Malaysia	100	100	Property investment and development
Texland Sdn. Bhd.	Malaysia	90	90	Property development
Scientex (Skudai) Sdn. Bhd. ("SKSB")	Malaysia	100	100	Property development
Amber Land Berhad ("ALB")	Malaysia	100	100	Property development
Subsidiary of SIG				
PT. Scientex Indonesia ("PTSI")*	Indonesia	100	100	Sales and marketing of laminating polyurethane adhesives
Subsidiaries of SPF				
Scientex Tsukasa Strapping Sdn. Bhd. (formerly known as Pan Pacific Straptex Sdn. Bhd.) ("STS")	Malaysia	70	70	Manufacturing of PP strapping band
Scientex Great Wall Sdn. Bhd. ("SGW")	Malaysia	90	90	Manufacturing of plastic packaging products
Scientex Great Wall (Ipoh) Sdn. Bhd. ("SGWI")	Malaysia	100	100	Manufacturing of plastic packaging products
Scientex International (S) Pte. Ltd.**	Singapore	100	100	Procurement, distribution and trading of resins, chemicals, films and other packaging related products
Scientex Phoenix, LLC ("SPLLC")²*	United States of America	100	100	Manufactures and sales of industrial stretch film products
Klang Hock Plastic Industries Sdn. Bhd. ("KHPI")	Malaysia	100	100	Manufacturing of plastic packaging products
Subsidiary of SGW				
Scientex Distribution Sdn. Bhd.	Malaysia	90	90	Dormant

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
Subsidiary of SMSB				
KC Contract Sdn. Bhd.	Malaysia	65	65	Property construction
Subsidiaries of Daibochi				
Mega Printing & Packaging Sdn. Bhd. ("Mega")[3]*	Malaysia	61.89	-	Manufacturing and marketing of flexible packaging materials
Daibochi Land Sdn. Bhd. ("DLSB")	Malaysia	61.89	61.89	Manufacturing, trading and marketing of flexible packaging material and investment holding
Daibochi Flexibles Sdn. Bhd. ("DFSB")	Malaysia	61.89	61.89	Investment holding
Daibochi Australia Pty. Ltd.*	Australia	61.89	61.89	Importing and marketing of packaging materials
Subsidiary of DFSB				
Daibochi Packaging (Myanmar) Company Limited ("DPM")[4]*	Myanmar	37.13	37.13	Manufacturing and marketing of flexible packaging materials

* *Audited by other auditors.*

** *Audited by member firm of the auditors of the Company.*

1 *During the financial year 2020, the Company invested additional RM1,000,000 in SMSB.*

2 *During the financial year 2020, SPF invested additional USD10,000,000 in SPLLC.*

3 *During the financial year 2020, Daibochi acquired 4,500,000 ordinary shares in Mega for a total consideration of RM125,000,000 satisfied entirely in cash.*

4 *DFSB has been granted approval from Companies Commission of Malaysia pursuant to Section 247(3) of Companies Act, 2016 for DPM to continue to adopt the financial year end that does not coincide with the Group's financial year end of 31 July. The Company has consolidated the financial position and results of DPM based on the unaudited financial statements made up to the financial year end of the Group.*

(a) Acquisition of a subsidiary

During the financial year 2020, Daibochi, a subsidiary of the Company acquired 100% equity interest in Mega for a total consideration of RM125,000,000. The acquisition was completed in August 2019. Subsequent to the acquisition, Mega became a wholly-owned subsidiary of Daibochi.

From the date of acquisition, Mega contributed revenue of RM150,526,000 and net profit of RM8,486,000 to the Group's results during the financial year ended 31 July 2020.

During the financial year, Daibochi had completed the purchase price allocation exercise in relation to the acquisition of Mega with the assistance of an independent professional advisor to determine the fair values of the net identifiable assets and liabilities of Mega pursuant to the requirements of MFRS 3 Business Combinations.

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of a subsidiary (cont'd)

The assets and liabilities arising from the acquisition in the financial year ended 31 July 2020 were as follows:

	Fair value recognised on acquisition 2020 RM'000
Property, plant and equipment (Note 13)	48,788
Inventories	12,337
Trade and other receivables	19,435
Tax recoverable	1,494
Cash and bank balances	22,569
Trade and other payables	(12,533)
Borrowings	(3,000)
Deferred tax liabilities (Note 31)	(6,876)
Net identifiable assets	82,214
Goodwill on consolidation (Note 21)	42,786
Cost of business combination	125,000

Cash flows on acquisition were as follows:

	2020 RM'000
Total purchase consideration	125,000
Cash and cash equivalents of a subsidiary acquired	(22,569)
Deposit paid in prior financial year	(12,500)
Net cash outflow of the Group	89,931

(b) Completion of purchase price allocation

During the financial year 2020, the Company completed the purchase price allocation exercise in relation to the acquisition of Daibochi with the assistance of an independent professional advisor to determine the fair values of the net identifiable assets and liabilities of Daibochi acquired in the previous financial year pursuant to the requirements of MFRS 3 Business Combinations.

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Completion of purchase price allocation (cont'd)

Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

	Fair values RM'000	Provisional fair values recognised on acquisition RM'000	Fair value adjustment RM'000
Property, plant and equipment (Note 13)	142,628	142,628	-
Investment in an associate	17,159	18,270	(1,111)
Inventories	78,331	78,331	-
Trade and other receivables	72,190	72,190	-
Tax recoverable	2,541	2,951	(410)
Cash and bank balance	12,927	12,927	-
Trade and other payables	(56,722)	(56,722)	-
Borrowings	(68,231)	(68,231)	-
Deferred tax liabilities	(15,703)	(15,703)	-
Net identifiable assets	185,120	186,641	(1,521)
Non-controlling interest	(95,911)	(96,472)	561
Goodwill on consolidation	232,887	231,927	960
Cost of business combination	322,096	322,096	-

Cash flows on acquisition were as follows:

Total purchase consideration	322,096	322,096	-
Purchase consideration satisfied by cash	(229,046)	(229,046)	-
Cash and cash equivalents of a subsidiary acquired	(12,927)	(12,927)	-
Net cash outflow of the Group	80,123	80,123	-

(c) Non-controlling interests in a subsidiary

Summarised information of subsidiary with non-controlling interests that are material to the Group is set out below. The non-controlling interests of the other subsidiaries are not material to the Group.

	31.7.2020	31.7.2019
Daibochi		
Percentage of ownership interest and voting interest (%)	38.11	38.11
Carrying amount of non-controlling interests (RM'000)	121,248	102,957

	1.8.2019 to 31.7.2020 (12 months) RM'000	1.3.2019 to 31.7.2019 (5 months) RM'000
Profit allocated to non-controlling interests	18,538	5,962
Other comprehensive income allocated to non-controlling interests	5,513	1,147

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in a subsidiary (cont'd)

The summarised financial information (before inter-company elimination) of Daibochi is as follows:

	31.7.2020 RM'000	31.7.2019 RM'000
Summarised statement of financial position		
Non-current assets	279,652	191,123
Current assets	203,437	174,012
Non-current liabilities	(29,833)	(22,659)
Current liabilities	(175,556)	(112,103)
Net assets	277,700	230,373

	1.8.2019 to 31.7.2020 (12 months) RM'000	1.3.2019 to 31.7.2019 (5 months) RM'000
Summarised statement of profit or loss and other comprehensive income		
Revenue	619,277	192,914
Profit for the financial year/period	48,735	12,790
Total comprehensive income for the financial year/period	57,806	14,444
Profit for the financial year/period attributable to non-controlling interests	3,287	1,281
Summarised cash flows information		
Net cash from operating activities	120,561	35,209
Net cash used in investing activities	(109,740)	(22,334)
Net cash used in financing activities	(2,152)	(7,240)
Net cash inflows	8,669	5,635
Other information		
Dividends paid to non-controlling interests	2,454	624

Continued

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

The Group	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Cost			
As at 1 August 2018	802,306	41,640	843,946
Acquisition of land	99,071	-	99,071
Costs incurred during the year	97,335	3,757	101,092
Transfer to property development costs (Note 17(b))	(321,712)	(978)	(322,690)
As at 31 July 2019	677,000	44,419	721,419
As at 1 August 2019	677,000	44,419	721,419
Acquisition of land	242,970	46,878	289,848
Costs incurred during the year	120,348	5,855	126,203
Transfer to property development costs (Note 17 (b))	(164,236)	(261)	(164,497)
As at 31 July 2020	876,082	96,891	972,973

During the financial year 2020, the Group acquired the following freehold lands through its subsidiaries:

(i) SQSB acquired a land measuring approximately 4.7 acres in Mukim of Hulu Kinta, District of Kinta, State of Perak for a total cash purchase consideration of RM6,174,000.

(ii) ALB acquired 18 parcels of land measuring approximately 85.7 acres in Mukim of Kota Tinggi, District of Kota Tinggi, State of Johor for a total cash purchase consideration of RM40,704,000.

(iii) SPSB acquired 3 parcels of land measuring approximately 150.2 acres in Mukim of Rawang and 2 parcels of land measuring approximately 16.30 acres in Bandar Kundang, both situated in District of Gombak, State of Selangor for a total cash purchase consideration of RM128,383,000.

(iv) SKSB acquired 6 parcels of land measuring approximately 179.7 acres in Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang for a total cash purchase consideration of RM114,587,000.

(b) Property development costs

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs				
As at 1 August 2018	238,716	28,693	332,140	599,549
Costs incurred during the year	-	-	356,366	356,366
Transfer from land held for property development (Note 17 (a))	321,712	978	-	322,690
Reversal of completed projects	(102,653)	-	(166,537)	(269,190)
Unsold units transferred to inventories	(6,267)	-	(13,067)	(19,334)
As at 31 July 2019	451,508	29,671	508,902	990,081

Continued

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs (cont'd)

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative costs recognised in profit or loss				
As at 1 August 2018	(127,191)	(19,302)	(220,099)	(366,592)
Recognised during the year (Note 6)	(195,065)	(4,736)	(308,119)	(507,920)
Reversal of completed projects	102,653	-	166,537	269,190
As at 31 July 2019	(219,603)	(24,038)	(361,681)	(605,322)
Property development costs as at 31 July 2019	231,905	5,633	147,221	384,759
Cumulative property development costs				
As at 1 August 2019	451,508	29,671	508,902	990,081
Costs incurred during the year	-	-	415,330	415,330
Transfer from land held for property development (Note 17 (a))	164,236	261	-	164,497
Reversal of completed projects	(78,839)	(11,955)	(167,147)	(257,941)
Unsold units transferred to inventories	(10,537)	(3,714)	(43,104)	(57,355)
As at 31 July 2020	526,368	14,263	713,981	1,254,612
Cumulative costs recognised in profit or loss				
As at 1 August 2019	(219,603)	(24,038)	(361,681)	(605,322)
Recognised during the year (Note 6)	(207,169)	(2,180)	(357,466)	(566,815)
Reversal of completed projects	78,839	11,955	167,147	257,941
As at 31 July 2020	(347,933)	(14,263)	(552,000)	(914,196)
Property development costs as at 31 July 2020	178,435	-	161,981	340,416

The freehold and leasehold lands under development with a carrying amount of RM86,000,000 (2019: RM330,000,000) have been charged as a security for borrowings (Note 28(ii)(b)).

Included in the land held for development is interest capitalised of RM10,965,000 (2019: RM14,265,000) (Note 7).

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 July 2020 is RM563,000,000 (2019: RM768,000,000), where the Group expects to recognise it as revenue over the next 1 to 2 years.

Continued

18. INVESTMENT IN JOINT VENTURE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
In Malaysia:				
Unquoted shares, at cost	22,500	22,500	22,500	22,500
Share of post-acquisition reserves	2,102	5,529	-	-
	24,602	28,029	22,500	22,500
Share of post-acquisition reserves:				
At beginning of year	5,529	4,673	-	-
Share of results	1,073	856	-	-
Dividend received	(4,500)	-	-	-
At end of year	2,102	5,529	-	-

Details of the joint venture are as follows:

Name of Joint Venture	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
MCTI Scientex Solar Sdn. Bhd. ("MSS")	Malaysia	50	50	Manufacturing and distribution of ethylene-vinyl acetate (EVA) and polyolefin (ASCE) encapsulating materials for photovoltaic solar modules

MSS has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the unaudited financial statements of MSS for the year ended 31 July 2020 have been used.

At the Group level, the carrying value of joint venture represents its share of net assets in the joint venture at end of the reporting period. Summarised financial information in respect of the Group's joint venture is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Assets and Liabilities		
Current assets	53,791	53,984
Non-current assets	3,039	14,730
Total assets	56,830	68,714
Current liabilities	(7,626)	(12,655)
Total liabilities	(7,626)	(12,655)
Results		
Revenue	58,814	60,860
Profit for the year	2,145	1,712

Continued

19. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
In Malaysia:				
Unquoted shares, at cost	3,000	21,270	3,000	3,000
Share of post-acquisition reserves	43,548	34,335	-	-
	46,548	55,605	3,000	3,000
Share of post-acquisition reserves:				
At beginning of year	34,335	31,463	-	-
Share of results	10,079	3,488	-	-
Dividend received	-	(616)	-	-
Disposal	(866)	-	-	-
At end of year	43,548	34,335	-	-

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
Mitsui Chemicals Scientex Sdn. Bhd. (formerly known as Cosmo Scientex (M) Sdn. Bhd.) ("MCS")*	Malaysia	30	30	Manufacturing and trading of polyurethane adhesive for flexible packaging applications
Skyline Resources (M) Sdn. Bhd ("SRSB")*	Malaysia	-	22.48	Property development, contract construction works and property investments

* *Audited by other auditors.*

MCS has a financial year end of 31 December. For the purpose of applying the equity method of accounting, the unaudited financial statements of MCS for the year ended 31 July 2020 have been used.

Continued

19. INVESTMENT IN ASSOCIATES (CONT'D)

During the financial year, a subsidiary of Daibochi, DLSB disposed of 10,700,387 ordinary shares in SRSB for a cash disposal consideration of RM10,000,000. The disposal was completed in March 2020. The details of the disposal are as follows:

	2020 RM'000
Unquoted shares - at cost	18,270
Share of post-acquisition reserve	866
Dividends received	(8,025)
Fair value adjustment (Note 16(b))	(1,111)
Net investment disposed	10,000

There is no gain or loss recognised on the disposal of equity interest:

	2020 RM'000
Fair value of consideration received	10,000
Less: Net investment disposed	(10,000)
Gain/(Loss) on disposal	-

At the Group level, the carrying value of associates represents the share of net assets in the associates at end of the reporting period. Summarised financial information in respect of the Group's associates are as follows:

	The Group	
	2020 RM'000	2019 RM'000
Assets and Liabilities		
Current assets	128,541	185,049
Non-current assets	68,390	68,922
Total assets	196,931	253,971
Current liabilities	(40,824)	(80,855)
Non-current liabilities	(946)	(31)
Total liabilities	(41,770)	(80,886)
Results		
Revenue	240,425	237,746
Profit for the year	33,599	11,595

Continued

20. OTHER INVESTMENTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At fair value:				
Unquoted equity instruments outside Malaysia	20,448	16,096	20,448	16,096
Unquoted equity instruments in Malaysia	7,163	3,092	-	-
Quoted equity instruments in Malaysia	603	603	12	12
Corporate memberships	379	379	137	137
	28,593	20,170	20,597	16,245

The fair value of the unquoted equity instruments is categorised as Level 3 in the fair value hierarchy and are determined using the adjusted net assets method. The unquoted equity instruments are classified as financial assets at fair value through profit or loss.

The fair value of quoted equity instruments is determined by reference to the exchange quoted market prices at the close of the business on the reporting date and categorised as Level 1 in the fair value hierarchy. The quoted equity instruments are classified as financial assets at fair value through other comprehensive income.

The fair value of corporate memberships of the Group and of the Company is categorised as Level 2 in the fair value hierarchy and classified as financial assets at fair value through profit or loss.

21. GOODWILL

	The Group	
	2020 RM'000	2019 RM'000
At cost:		
At beginning of year	293,703	59,030
Effect of acquisition of a subsidiary (Note 16(a))	42,786	231,927
Effect of purchase price allocation (Note 16(b))	960	1,728
Foreign exchange differences	4,628	1,018
Impairment of goodwill	(4,000)	-
At end of year	338,077	293,703

The carrying amount of goodwill allocated by CGUs with indefinite useful life allocated are as follows:

	The Group	
	2020 RM'000	2019 RM'000
Daibochi	201,478	200,517
DPM	33,055	32,428
Mega	42,786	-
KHPI	48,624	48,624
SGWI	12,134	12,134
	338,077	293,703

The additional goodwill in financial year 2020 arose from the acquisition and completion of purchase price allocation exercise of Mega and the completion of purchase price allocation exercise of Daibochi which was acquired in March 2019.

Continued

21. GOODWILL (CONT'D)

Goodwill arising from the business combination for other subsidiaries are allocated to the CGU of the Group that is expected to benefit from the business combination. The Group's methodology to test goodwill for impairment is described in Note 3.

As disclosed in Note 16(a), Daibochi completed the purchase price allocation exercise of Mega with the assistance of an independent professional advisor to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirements of MFRS 3. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as disclosed above.

As disclosed in Note 16(b), the Group completed the purchase price allocation exercise of Daibochi with the assistance of an independent professional advisor to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirements of MFRS 3. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as disclosed above.

The Group recognised an impairment of RM4,000,000 in the current financial year in respect of goodwill allocated to DPM. No impairment is required on the goodwill allocated to other CGUs as the recoverable amount are determined to be in excess of the carrying amounts of the CGUs.

Key assumptions used

The recoverable amount of the CGU is determined based on the higher of fair value less costs to sell or value-in-use. The impairment test for goodwill relating to the CGU was assessed using value-in-use method. Estimating a value-in-use amount requires management to make an estimate of expected future cash flows from the CGU and determine a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The following key assumptions have been applied in the VIU calculation for the five CGUs:

	2020 (%)	2019 (%)
Key assumptions		
Revenue CAGR	2.0 - 10.5	2.0 - 14.0
Pre-tax discount rate	10.3 - 27.4	13.9 - 26.0
Long-term inflation rate	2.0 - 7.7	2.0 - 7.0

The directors are of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGU to be lower than its carrying amount, other than the goodwill of DPM as disclosed below:

Sensitivity Analysis

The following shows the impact on the recoverable amount as a result of 1% favourable or unfavourable change in key assumptions used, keeping all other inputs constant:

	Increase/(Decrease) in recoverable amount	
	Favourable RM'000	Unfavourable RM'000
DPM		
Revenue CAGR	3,089	(2,997)
Pre-tax discount rate	2,708	(2,447)
Long-term inflation rate	1,504	(1,359)

Continued

22. INVENTORIES

	The Group	
	2020 RM'000	2019 RM'000
At cost:		
Raw materials	161,927	153,389
Unsold completed property units	92,386	64,963
Finished products	71,665	68,071
Work-in-progress	24,438	30,060
	350,416	316,483
At net realisable value:		
Unsold completed property units	1,795	1,795
Raw materials	749	935
Finished products	1,057	1,955
	3,601	4,685
	354,017	321,168

For the current financial year, the amount of inventories recognised as expenses in the cost of sales of the Group was RM1,651,962,000 (2019:RM1,667,545,000).

23. TRADE RECEIVABLES

	The Group	
	2020 RM'000	2019 RM'000
Third parties	561,149	598,041
Associates and joint venture	53	38
	561,202	598,079
Less: Impairment losses	(1,410)	(2,297)
Trade receivables, net	559,792	595,782

Trade receivables are non-interest bearing. The average credit terms for trade receivables of the Group range from 14 to 120 days (2019: 14 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from the associates and joint venture are unsecured, non-interest bearing and have a credit terms of 60 days (2019: 60 days).

Included in trade receivables are retention sums on property development activities amounting to RM48,429,000 (2019: RM63,132,000).

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	523,586	557,491
Past due but not impaired	36,206	38,291
Past due and impaired	1,410	2,297
	561,202	598,079

Continued

23. TRADE RECEIVABLES (CONT'D)

	The Group	
	2020 RM'000	2019 RM'000
Ageing of past due but not impaired		
1 to 30 days	25,413	30,577
31 to 60 days	6,493	5,482
61 to 90 days	3,285	1,337
More than 91 days	1,015	895
	36,206	38,291
Ageing of past due and impaired		
More than 120 days	1,410	2,297

Movement in allowance for impairment loss

The trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year	2,297	1,758
Impairment loss	1,005	1,598
Acquisition of a subsidiary	100	-
Written off during the year	(595)	(9)
Reversal of impairment loss	(1,392)	(1,085)
Foreign exchange differences	(5)	35
At end of year	1,410	2,297

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM36,206,000 (2019: RM38,291,000) that are past due at the reporting date but not impaired. The Group does not hold any collateral over these balances. These relate to creditworthy customers that the Group continues to trade actively with.

Receivables that are impaired

Trade receivables that are impaired at the reporting date relate to debtors that are in financial difficulties or in dispute and have defaulted on payments. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Continued

23. TRADE RECEIVABLES (CONT'D)

The currency profile of trade receivables of the Group is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	432,077	441,057
United States Dollar	129,125	157,022
	561,202	598,079

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables	4,237	11,019	-	-
Deposit on purchase of land held for property development	23,845	31,594	-	-
Deposit on purchase of property, plant and equipment	87,594	39,226	-	-
Deposit paid for acquisition of a subsidiary	-	12,500	-	-
Other refundable deposits	17,605	11,767	29	29
Other assets	15,171	21,508	-	-
Prepaid expenses	6,351	7,167	55	245
Amounts due from associates and joint venture	262	245	-	-
	155,065	135,026	84	274

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	181,432	190,058	130	857
Short-term deposits with:				
Other financial institutions	207,969	61,519	1,866	2,375
Licensed banks	23,843	6,067	-	-
	413,244	257,644	1,996	3,232

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled. Included in cash at banks of the Group are amounts of RM15,818,000 (2019: RM17,602,000) held in the Housing Development Accounts.

Short-term deposits with other financial institutions refer to licensed fund management companies in Malaysia. These deposits have redemption period of one working day upon notification of withdrawal. The weighted average effective interest rate as at 31 July 2020 for the Group and the Company is 2.31% (2019: 3.48%) per annum respectively.

Short-term deposits with licensed banks for the Group have weighted average effective interest rate of 1.47% (2019: 2.99%) per annum. The average maturities of short-term deposits with licensed banks of the Group as at the end of the reporting date were 46 days (2019: 79 days).

Continued

25. CASH AND CASH EQUIVALENTS (CONT'D)

The currency profile of cash and cash equivalents is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	308,385	135,577
Japanese Yen	5,986	801
United States Dollar	98,873	121,266
	413,244	257,644

Cash and cash equivalents of the Company are denominated in Ringgit Malaysia.

26. SHARE CAPITAL

	The Group and The Company			
	Number of ordinary shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued:				
At beginning of year	515,261	488,927	685,776	453,850
Issued pursuant to acquisition of a subsidiary	-	26,027	-	229,046
Issued pursuant to the SGP	616	307	6,006	2,880
At end of year	515,877	515,261	691,782	685,776

(a) Share capital

During the financial year 2020, the Company issued and allotted 615,400 (2019: 307,000) new ordinary shares to eligible employees of Scientex Berhad group of companies, with the issue share price as at the date of granting of RM9.76 (2019: RM9.38) per ordinary share, pursuant to the Scientex Berhad Share Grant Plan ("SGP").

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

As at 31 July 2020, the total number of issued shares of the Company was 515,876,872 (2019: 515,261,472) ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Constitution of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(b) Share grant plan

The SGP was approved by the shareholders on 17 December 2013 and is administered by the SGP Committee which is appointed by the Board of Directors, in accordance with the SGP By-Laws. The SGP shall be in force for a period of 5 years from the effective date of 21 January 2014 to 20 January 2019. During the financial year ended 31 July 2019, the Company has extended its SGP which expired on 20 January 2019 for another 5 years from 21 January 2019 to 20 January 2024 in accordance with the terms and conditions of the SGP By-Laws.

The salient features, terms and conditions of the SGP are as follows:

(i) The total number of shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the SGP.

Continued

26. SHARE CAPITAL (CONT'D)

(b) Share grant plan (cont'd)

(ii) The total number of shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee after taking into consideration the employees performance, contribution, employment grade and the fulfilment of the yearly performance targets or such other matters as the SGP Committee may deem fit and shall be subject to the following:

- the number of new shares made available under SGP shall not exceed the amount stipulated in (i) above;
- the allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of shares to be issued under the SGP; and
- not more than 50% of the shares to be issued under the SGP shall be allocated to the eligible employees who are the senior management of the Group.

(iii) The SGP Committee has the discretion in determining whether the shares available for vesting under the SGP shall be staggered over the duration of the SGP.

(iv) The shares will be vested with the grantee at no cost to the grantee on the vesting date(s).

During the current financial year, the Group granted and vested 615,400 (2019: 307,000) new ordinary shares to the eligible employees of the Company and its subsidiaries under the SGP. The issue share price as at the date of granting was RM9.76 (2019: RM9.38) per ordinary share.

27. RESERVES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable reserves:				
Property revaluation surplus	90,719	54,877	26,089	20,018
Foreign currency translation reserve	15,465	7,668	-	-
Other reserves	461	461	68	68
	106,645	63,006	26,157	20,086
Distributable reserve:				
Retained earnings	1,762,966	1,476,237	131,878	141,205
Treasury shares	(1)	(1)	(1)	(1)
	1,762,965	1,476,236	131,877	141,204
	1,869,610	1,539,242	158,034	161,290

(a) Property revaluation surplus

Property revaluation surplus represents increases in the fair value of land and buildings, net of tax and non-controlling interests, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

During the current financial year, the Group and the Company performed a revaluation on its freehold land, leasehold land and building classified under property, plant and equipment, resulting in an increase in revaluation reserve of RM43,070,000 and RM9,615,000 respectively, net of taxation and non-controlling interests.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Continued

27. RESERVES (CONT'D)

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of the treasury shares.

During the financial year 2020, the Company did not purchase any of its ordinary shares from the open market.

As at 31 July 2020, the Company held 100 (2019: 100) ordinary shares as treasury shares. Such treasury shares are recorded at a carrying amount of RM720 (2019: RM720).

(d) Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2020 under the single tier system.

28. BORROWINGS

	The Group	
	2020 RM'000	2019 RM'000
Current - at amortised cost		
Secured:		
Revolving credit	-	10,000
Finance lease liabilities	-	784
	-	10,784
Unsecured:		
Foreign currency revolving credits	518,012	636,132
Onshore foreign currency loan	22,239	7,376
Revolving credits	128,000	25,400
Bankers acceptances	3,028	3,005
Term loans	12,444	21,271
	683,723	693,184
	683,723	703,968
Non-current - at amortised cost		
Secured:		
Sukuk Murabahah	350,000	250,000
Finance lease liabilities	-	440
	350,000	250,440
Unsecured:		
Term loans	7,337	19,406
	357,337	269,846
Total borrowings		
Foreign currency revolving credits	518,012	636,132
Sukuk Murabahah	350,000	250,000
Term loans	19,781	40,677
Revolving credits	128,000	35,400
Onshore foreign currency loan	22,239	7,376
Bankers acceptances	3,028	3,005
Finance lease liabilities	-	1,224
	1,041,060	973,814

Continued

28. BORROWINGS (CONT'D)

Borrowings are repayable as follows:

	The Group	
	2020 RM'000	**2019 RM'000**
Current	683,723	703,968
Non-current:		
More than 1 year and less than 2 years	57,337	62,181
More than 2 years and less than 5 years	150,000	207,665
More than 5 years	150,000	-
	357,337	269,846
	1,041,060	973,814

The effective interest rates per annum of the borrowings at the reporting date are as follows:

	The Group	
	2020 %	**2019 %**
Sukuk Murabahah	3.11	4.52
Revolving credits	2.58	4.13
Bankers acceptances	2.56	3.91
Term loans	1.69	3.53
Onshore foreign currency loan	0.60	2.80
Foreign currency revolving credits	0.90	1.91
Finance lease liabilities	-	5.23

(i) Sukuk Murabahah Programme

During the financial year 2016, SQSB, a wholly-owned subsidiary of the Company, had established a Sukuk Murabahah Programme ("Sukuk Murabahah") for the issuance of up to RM500,000,000 in nominal value of Sukuk Murabahah. It provides SQSB the flexibility to raise funds from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 30 December 2019, SQSB, made its third issuance of RM150,000,000 in nominal value of unrated Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under the Sukuk Murabahah Programme to part finance land acquisitions. As at 31 July 2020, the total amount of Sukuk Murabahah issued stood at RM350,000,000 in nominal value. The redeemable Sukuk Murabahah are due on 11 July 2022 and 10 July 2023 for RM50,000,000 respectively, 10 July 2024 for RM100,000,000, 29 December 2028 for RM70,000,000 and lastly 28 December 2029 for the remaining balance of RM80,000,000, and bear profit based on cost of fund plus margin, payable quarterly.

(ii) The term loans and other banking facilities are secured by the following:

(a) First party charge and/or third party second charges over the freehold land and building of a subsidiary with carrying value of RMNil (2019: RM184,874,000) as disclosed in Note 13.

(b) First and third party charge over the freehold and leasehold lands of subsidiaries with carrying value of RM86,000,000 (2019: RM330,000,000) as disclosed in Note 17.

(c) Negative pledges on all the other assets held by the Company and certain subsidiaries.

Continued

28. BORROWINGS (CONT'D)

(iii) The currency profile of borrowings is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	485,844	297,119
United States Dollar	414,606	373,969
Japanese Yen	124,400	302,726
Australian dollar	16,210	-
	1,041,060	973,814

29. LEASE LIABILITIES

	The Group
	2020 RM'000
Non-current	5,291
Current	4,133
	9,424
Minimum lease payment:	
Not later than 1 year	4,525
Later than 1 year but not later than 5 years	4,594
Later than 5 years	1,571
	10,690
Less: Unexpired finance charges	(1,266)
	9,424
Present value of lease liabilities:	
Not later than 1 year	4,133
Later than 1 year but not later than 5 years	3,835
Later than 5 years	1,456
	9,424

The Group discounted the lease liabilities by using the Group's incremental borrowing rates ranging from 2.9% to 14%.

During the year, the Group recognised RM1,736,000 and RM262,000 respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

Continued

30. RETIREMENT BENEFITS OBLIGATIONS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of year	36,434	31,116	7,465	7,181
Current and past service cost (Note 9)	5,054	4,988	355	368
Foreign exchange differences	(41)	15	-	-
Paid during the year	(2,415)	(953)	-	-
Remeasurement of net defined benefit liability	-	1,268	-	(84)
At end of year	39,032	36,434	7,820	7,465

The present value of the pension obligation is determined using actuarial valuations. The actuarial valuations were recomputed during the financial year ended 31 July 2019 by Actuarial Partners Consulting Sdn. Bhd., an independent professional actuary.

The Group operates an unfunded defined benefit lump sum plan. A lump sum benefit is payable to the employees at the normal retirement age of 60 (2019: 60). The plan is applicable to employees who have a minimum 5 years of service to the Group.

The amounts recognised in the statements of profit and loss and other comprehensive income are as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of sales	1,480	1,488	-	-
Administrative expenses	3,209	3,143	355	368
Selling and distribution expenses	365	357	-	-
	5,054	4,988	355	368

The principal assumptions are as follows:

	The Group and The Company	
	2020 %	2019 %
Discount rate	5.00	5.00
Future salary increases	7.00	7.00

No sensitivity analysis on the principal assumptions is prepared as the Group does not expect any material effect on the Group's statement of profit or loss and other comprehensive income arising from the effect of reasonably possible changes to the above principal actuarial assumptions at the end of the reporting period.

Continued

31. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of year	47,181	17,301	5,537	5,718
Recognised in profit or loss (Note 11)	3,896	11,902	(1,676)	(181)
Recognised in equity	12,970	-	3,036	-
Acquisition of a subsidiary (Note 16 (a))	6,876	15,703	-	-
Fair value adjustment	-	2,275	-	-
At end of year	70,923	47,181	6,897	5,537
Deferred tax assets	(18,970)	(25,344)	-	-
Deferred tax liabilities	89,893	72,525	6,897	5,537
	70,923	47,181	6,897	5,537

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority.

The deferred tax (assets)/liabilities provided in the financial statements represents the tax effects of the following:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets (before offsetting):				
Unabsorbed reinvestment allowances	(63,877)	(65,226)	-	-
Unabsorbed tax losses and capital allowances	(13,728)	(18,816)	-	-
Various temporary differences	(17,786)	(15,285)	(1,096)	(1,011)
	(95,391)	(99,327)	(1,096)	(1,011)
Offsetting	76,421	73,983	1,096	1,011
Deferred tax assets (after offsetting)	(18,970)	(25,344)	-	-
Deferred tax liabilities (before offsetting):				
Temporary differences arising from:				
Property, plant and equipment	121,877	114,529	650	663
Revaluation of land and buildings	44,150	31,915	7,343	5,885
Others	287	64	-	-
	166,314	146,508	7,993	6,548
Offsetting	(76,421)	(73,983)	(1,096)	(1,011)
Deferred tax liabilities (after offsetting)	89,893	72,525	6,897	5,537

Continued

31. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

As mentioned in Note 3, the tax effects of unutilised tax losses, unabsorbed capital allowances, unused tax credit and deductible temporary differences which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and deductible temporary differences can be utilised. As at 31 July 2020, the amount of unutilised tax losses, unabsorbed capital allowances and deductible temporary differences of certain subsidiaries for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	The Group	
	2020 RM'000	**2019 RM'000**
Unutilised tax losses	464	464
Unabsorbed capital allowances	8	8
Deductible temporary differences	2,638	3,576
	3,110	4,048

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment. Upon expiry of the 7 years, the unused tax losses will be disregarded.

32. TRADE PAYABLES

	The Group	
	2020 RM'000	**2019 RM'000**
Third parties	411,646	408,288
Associates	31,394	29,957
	443,040	438,245

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2019: 30 to 120 days). The amount due to associates is unsecured, non-interest bearing and has credit terms of 60 to 120 days (2019: 60 to 120 days). Included in the trade payables of the Group is an amount of RM20,870,000 (2019: RM20,170,000) representing retention amount.

The currency profile of trade payables is as follows:

	The Group	
	2020 RM'000	**2019 RM'000**
Ringgit Malaysia	286,696	242,116
United States Dollar	156,344	196,129
	443,040	438,245

Continued

33. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Accrued expenses	108,030	93,240	895	832
Other payables	49,101	40,922	-	9
Other liabilities	23,297	23,801	-	-
Deposits	999	1,017	1	1
	181,427	158,980	896	842

34. DIVIDENDS

	The Group and The Company	
	2020 RM'000	2019 RM'000
In respect of the financial year ended 31 July 2018:		
Single tier final dividend of 10 sen per ordinary share on 489,233,400 ordinary shares	-	48,923
In respect of the financial year ended 31 July 2019:		
Single tier interim dividend of 10 sen per ordinary share on 515,261,472 ordinary shares	-	51,526
Single tier final dividend of 10 sen per ordinary share on 515,876,772 ordinary shares	51,588	-
In respect of the financial year ended 31 July 2020:		
Single tier interim dividend of 10 sen per ordinary share on 515,876,772 ordinary shares	51,587	-
	103,175	100,449

On 18 September 2020, the directors proposed a single tier final dividend of 13 sen per ordinary share amounting to approximately RM67,192,000 in respect of the financial year ended 31 July 2020. The proposed single tier final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2021.

35. CAPITAL COMMITMENTS

At the end of reporting period, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment and land held for property development.

	The Group	
	2020 RM'000	2019 RM'000
Approved and contracted for:		
Balance payment for purchase of land held for property development	214,601	282,967
Purchase of plant and machinery	105,109	53,456
	319,710	336,423

Continued

36. FINANCIAL GUARANTEES

Corporate guarantees are provided by the Company to certain financial institutions and suppliers to secure banking facilities and credit facilities for the subsidiaries. The directors are of the opinion that the corporate guarantees are not likely to be called upon and regard the value of the credit enhancement provided by the corporate guarantees as minimal.

37. RELATED PARTY TRANSACTIONS

Amounts owing by/(to) associates and joint venture which arose mainly from trade transactions and expenses paid on behalf have a credit period range from 60 to 90 days (2019: 60 to 90 days).

The Group and the Company have the following transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

		The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Associate:					
Sales	(i)	(195)	(142)	-	-
Purchases	(ii)	101,945	90,843	-	-
Management fees income	(iii)	(120)	(120)	(120)	(120)
Dividend income		-	-	-	(616)
Joint venture:					
Sales	(i)	(191)	(168)	-	-
Rental income	(iv)	(926)	(926)	-	-
Dividend income		-	-	(4,500)	-
Subsidiaries:					
Dividend income		-	-	(93,592)	(203,533)

(i) The sales were determined on terms not more favourable to the related parties than to third parties and have credit terms of 60 days (2019: 60 days).

(ii) The purchase of products from associate were made according to the published prices and conditions offered by the related party to their major customers.

(iii) The rendering of services to associate was determined on terms not more favourable to the related parties than to third parties and have credit terms of 30 days (2019: 30 days).

(iv) The rental payable by the joint venture was determined on terms not more favourable to the related parties than to third parties and has credit terms of 30 days (2019: 30 days).

Continued

37. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and other emoluments	24,315	20,700	300	460
Contribution to defined contribution plans	4,373	3,722	54	83
Share grant plan	1,394	713	-	-
Fees	120	120	120	120
Retirement benefits	1,491	-	-	-
	31,693	25,255	474	663

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

Included in compensation of key management personnel of the Group and of the Company is directors' remuneration amounting to RM11,649,000 and RM474,000 (2019: RM10,587,000 and RM663,000) respectively.

38. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are within the Group.

(a) Business segments

The Group's activities are classified into two major business segments:

- Packaging - mainly in the business of manufacturing of various packaging products. Included in this segment is also the sales and marketing of laminating polyurethane adhesives, which is regarded by the management as exhibiting similar economic characteristics.
- Property development - in the business of constructing and developing residential, commercial and industrial properties and property management.

Management monitors the operating results of its business units separately for the purpose of decision making on resource allocation and performance assessment. Transactions between operating segments are conducted under terms, conditions and prices not materially different from transactions with non-related parties.

Continued

38. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity

	Note	Packaging RM'000	Property development RM'000	Consolidated RM'000
2020				
Revenue		2,551,141	967,460	3,518,601
Results				
Interest income		1,468	3,949	5,417
Finance costs		13,724	2,621	16,345
Depreciation of property, plant and equipment		103,905	3,500	107,405
Depreciation of right-of-use assets		3,109	149	3,258
Impairment of goodwill		4,000	-	4,000
Impairment losses of property, plant and equipment		10,660	-	10,660
Share of results of associates and joint venture		11,152	-	11,152
Other non-cash expenses	(ii)	208	4,806	5,014
Segment profit	(i)	251,015	298,440	549,455
Assets				
Segment assets		2,479,536	2,029,597	4,509,133
Investment in associates		46,548	-	46,548
Investment in joint venture		24,602	-	24,602
Tax recoverable		358	824	1,182
Deferred tax assets		15,388	3,582	18,970
Consolidated total assets				4,600,435
Liabilities				
Segment liabilities		973,645	740,338	1,713,983
Tax liabilities		14,962	25,945	40,907
Deferred tax liabilities		76,559	13,334	89,893
Consolidated total liabilities				1,844,783

Continued

38. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

	Note	Packaging RM'000	Property development RM'000	Consolidated RM'000
2019				
Revenue		2,357,807	889,639	3,247,446
Results				
Interest income		1,168	2,769	3,937
Finance costs		14,348	1,185	15,533
Depreciation of property, plant and equipment		89,059	3,224	92,283
Share of results of associates and joint venture		4,344	-	4,344
Other non-cash expenses	(ii)	9,144	1,486	10,630
Segment profit	(i)	175,233	286,544	461,777
Assets				
Segment assets		2,303,274	1,691,147	3,994,421
Investment in associates		55,605	-	55,605
Investment in joint venture		28,029	-	28,029
Tax recoverable		4,082	-	4,082
Deferred tax assets		22,222	3,122	25,344
Consolidated total assets				4,107,481
Liabilities				
Segment liabilities		1,082,960	524,513	1,607,473
Tax liabilities		5,818	22,712	28,530
Deferred tax liabilities		59,412	13,113	72,525
Consolidated total liabilities				1,708,528

Notes

(i) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the statements of profit or loss and other comprehensive income:

	2020 RM'000	2019 RM'000
Segment profit	549,455	461,777
Finance costs (Note 7)	(16,345)	(15,533)
Share of results of associates and joint venture	11,152	4,344
Profit before tax	544,262	450,588

Continued

38. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

(ii) Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2020 RM'000	2019 RM'000
Increase in liability for defined benefit plan	5,054	4,988
Net unrealised (gain)/loss on foreign exchange	(6,648)	4,956
Share grant plan expense	6,006	2,880
Impairment loss on trade receivables	1,005	1,598
Write off of bad debts	28	89
Property, plant and equipment written off	4,004	9
Fair value gain on other investments	(4,423)	(1,781)
Fair value loss on investment properties	100	-
Reversal of impairment loss on trade receivables	(1,392)	(1,085)
Gain on disposal of property, plant and equipment	(325)	(977)
Write off/(Write back) of inventories	1,605	(47)
	5,014	10,630

(iii) Included in segment assets is addition to non-current assets of:

	Packaging RM'000	Property development RM'000	Consolidated RM'000
2020			
Property, plant and equipment	92,453	2,837	95,290
Right-of-use assets	3,075	228	3,303
Land held for property development	-	289,848	289,848
2019			
Property, plant and equipment	48,136	3,118	51,254
Land held for property development	-	99,071	99,071

(c) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-Current Assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	1,801,535	1,576,298	2,627,423	2,269,748
Japan	388,575	429,276	-	-
Australia	225,899	178,062	179	187
Korea	210,693	221,502	-	-
Thailand	198,268	148,698	-	-
Indonesia	184,929	198,651	1,169	325
Singapore	129,791	111,875	32	46
Philippines	92,444	82,547	-	-
United States of America	63,698	74,858	87,116	81,393
Europe	57,997	79,527	-	-
Myanmar	50,166	31,618	45,491	40,609
The Socialist Republic of Vietnam	32,273	28,769	15,309	16,712
Others	82,333	85,765	-	-
Consolidated	3,518,601	3,247,446	2,776,719	2,409,020

Continued

38. SEGMENTAL INFORMATION (CONT'D)

(c) Geographical information (cont'd)

Revenue from one major customer amounting to RM272,915,000 (2019: RM314,309,000), arising from sales by the packaging segment.

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2020 RM'000	2019 RM'000
Property, plant and equipment	1,322,579	1,247,750
Right-of-use assets	7,477	-
Investment properties	16,900	17,000
Land held for property development	972,973	721,419
Investment in joint venture	24,602	28,029
Investment in associates	46,548	55,605
Other investments	28,593	20,170
Deferred tax assets	18,970	25,344
Goodwill	338,077	293,703
	2,776,719	2,409,020

39. FINANCIAL INSTRUMENTS

Capital management

The primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios in order to support its business operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2020 and 31 July 2019.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

		The Group	
		2020 RM'000	2019 RM'000
Debt	(i)	1,041,060	973,814
Less: Cash and cash equivalents		(413,244)	(257,644)
Net debt		627,816	716,170
Equity attributable to owners of the Company	(ii)	2,561,392	2,225,018
Net debt to equity ratio		0.25	0.32

(i) Debt is defined as long-term and short-term borrowings as disclosed in Note 28.

(ii) Equity includes issued capital and reserves.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Continued

39. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets				
At amortised cost:				
Trade receivables	559,792	595,782	-	-
Other receivables and deposits	133,543	106,351	29	29
Cash and cash equivalents	413,244	257,644	1,996	3,232
At fair value:				
Other investments	28,593	20,170	20,597	16,245
	1,135,172	979,947	22,622	19,506
Financial liabilities				
At amortised cost:				
Trade payables	443,040	438,245	-	-
Other payables and accrued expenses	158,130	135,179	896	842
Borrowings	1,041,060	973,814	-	-
Lease liabilities	9,424	-	-	-
	1,651,654	1,547,238	896	842

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on certain transactions entered into by subsidiaries in currencies other than its functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Asset The Group		Liabilities The Group	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
United States Dollar	129,886	170,198	540,309	503,757
Japanese Yen	8,605	1,656	125,107	305,771

Continued

39. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of United States Dollar ("USD") and Japanese Yen ("JPY").

The following table details the Group's sensitivity to a 3% increase and decrease in the Ringgit Malaysia against USD and JPY. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis below includes:

(i) Outstanding foreign currency denominated monetary items and adjusts their translation at the year end and for a 3% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 3% against the USD and JPY. For a 3% weakening of the Ringgit Malaysia against USD and JPY, there would be a comparable impact on profit or loss and the balances below would be negative.

	The Group	
	2020 RM'000	**2019 RM'000**
United States Dollar	12,313	10,007
Japanese Yen	3,495	9,123

(ii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2020 for a 3% change in foreign currency rates. A positive number below indicates profit where the Ringgit Malaysia weakens 3% against USD. For a 3% strengthening of the Ringgit Malaysia against USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	The Group	
	2020 RM'000	**2019 RM'000**
United States Dollar	7,675	8,565

(iii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2020, offset against the Group's exposure in USD and JPY in the statements of financial position at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 3% against the USD and JPY. For a 3% weakening of the Ringgit Malaysia against USD and JPY, a positive number below indicates a loss.

	The Group	
	2020 RM'000	**2019 RM'000**
United States Dollar	4,638	1,442
Japanese Yen	3,495	9,123
	8,133	10,565

39. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 28.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 July 2020 would decrease or increase by RM1,943,000 (2019: RM1,800,000).

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Company monitors on an ongoing basis the results of the subsidiaries and related parties, and repayments made by the subsidiaries and related parties.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 July 2020, is the carrying amount of these receivables as disclosed in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 23. Deposits and short-term placements with licensed banks and financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due and impaired

Information regarding trade receivables that are past due and impaired is disclosed in Note 23.

Credit risk concentration profile

As at the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

Continued

39. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The Group	Effective interest rate per annum	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2020					
Financial liabilities					
Non-interest bearing:					
Trade payables		443,040	-	-	443,040
Other payables and accrued expenses		158,130	-	-	158,130
		601,170	-	-	601,170
Interest bearing:					
Borrowings	0.6% - 3.1%	694,922	239,557	168,660	1,103,139
Lease liabilities	2.9% - 14.0%	4,525	4,594	1,571	10,690
		699,447	244,151	170,231	1,113,829
Total undiscounted financial liabilities		1,300,617	244,151	170,231	1,714,999

	Effective interest rate per annum	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2019					
Financial liabilities					
Non-interest bearing:					
Trade payables		438,245	-	-	438,245
Other payables and accrued expenses		135,179	-	-	135,179
		573,424	-	-	573,424
Interest bearing:					
Borrowings	1.9% - 5.2%	716,480	300,039	-	1,016,519
Total undiscounted financial liabilities		1,289,904	300,039	-	1,589,943

Continued

39. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The Company	Effective interest rate per annum	Less than 1 year RM'000	Total RM'000
2020			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	-	896	896
Total undiscounted financial liabilities		896	896

	Effective interest rate per annum	Less than 1 year RM'000	Total RM'000
2019			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	-	842	842
Total undiscounted financial liabilities		842	842

Fair values of financial instruments

The carrying amounts of the short-term financial assets and financial liabilities recognised at amortised cost in financial statements approximate their fair values.

The fair value of long-term financial liabilities have been determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between fair value and carrying values of these financial liabilities as at the end of the reporting period.

Fair value hierarchy

The assets and liabilities carried at fair value are categorised into different levels of fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair measurement in its entirety. Details of the fair value hierarchy of the Group's property, plant and equipment, investment properties and other investments are disclosed in Note 13, Note 15 and Note 20 respectively.

40. NOTE TO THE STATEMENTS OF CASH FLOWS

(a) Cash outflows on purchase of property, plant and equipment

Purchase of property, plant and equipment during the financial year is financed by the following means:

	The Group	
	2020 RM'000	2019 RM'000
Additions to property, plant and equipment	95,290	51,254
Less: Deposits paid in prior year	(6,674)	(2,930)
Less: Amount outstanding as other payables	(9,259)	-
Cash outflows	79,357	48,324

Continued

40. NOTE TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the opening and closing balances in the statement of financial position for the liabilities arising from the financing activities in the statements of cash flows of the Group and the Company:

2020 The Group	Note	As at 1 August/ Date of initial application RM'000	Non-cash changes movement RM'000	Cash flows Drawdown RM'000	Cash flows Repayment RM'000	As at 31 July RM'000
Borrowings	28	973,814	(287)	100,000	(32,467)	1,041,060
Lease liabilities	29	8,585	3,663	-	(2,824)	9,424
		982,399	3,376	100,000	(35,291)	1,050,484

2019 The Group	Note	As at 1 August RM'000	Non-cash changes movement RM'000	Cash flows Drawdown RM'000	Cash flows Repayment RM'000	As at 31 July RM'000
Borrowings	28	934,311	74,011	30,551	(65,059)	973,814
The Company						
Borrowings	28	20,000	-	-	(20,000)	-

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) On 17 December 2019, the Company announced that ALB, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into an Agreement of Sale with Oaksvilla Sdn. Bhd. for the proposed acquisition of eighteen (18) parcels of 989-year leasehold agriculture land, all situated in the Mukim of Kota Tinggi, District of Kota Tinggi, State of Johor, measuring an aggregate area of approximately 85.7 acres for a total purchase consideration of RM39,200,000. On 5 March 2020, the Company announced that the full payment of the balance purchase price has been made to the vendor, marking the completion of the proposed acquisition.

(ii) Since the onset of the COVID-19 pandemic, the Group has been observing the standard operating procedures ("SOPs") and conditions imposed by the relevant Government authorities in the various countries that the Group operate in. In Malaysia, during the Movement Control Order ("MCO") period, almost all of the business operations of the packaging division were gradually permitted to operate strictly in accordance with the conditions imposed by the authorities as it was deemed to be part of the essential services supply value chain of the economy. On the other hand, the property division's constructional activities were temporarily restricted by the authorities when the MCO was imposed in March 2020.

Upon the easing of restrictions during the conditional MCO in early May 2020, both the Group's packaging and property development division were able to resume activities in full following strict compliance with the relevant SOPs and conditions such as Covid-19 testing for all staff, social distancing, temperature checks and encouraging employees to work from home. With the recovery MCO, the Group's operations returned to normalcy. The latest imposition of the conditional MCO in October 2020 has not had any adverse impact on the Group's operations as the Group is permitted to continue with our normal operations without any form of restrictions or interruptions in our daily activities save for the implementation and observation of the required SOPs and conditions which remain in place.

Continued

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END (CONT'D)

(iii) On 13 August 2020, the Company announced that SHSB, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into a Sales and Purchase Agreement ("SPA") with IOI Corporation Bhd. (as proprietor) and GLM Emerald Industrial Park (Jasin) Sdn. Bhd. (as vendor) for the proposed acquisition of two (2) pieces and parcels of freehold land, both situated in Mukim and District of Jasin, State of Melaka, measuring an aggregate area of approximately 1,357.5 acres for a total purchase consideration of RM260,200,000 and the proposed acquisition is expected to be completed in the first half of year 2021.

(iv) Subsequent to the financial year, the Company granted and vested 988,000 new ordinary shares to the eligible employees of the Company and its subsidiaries under SGP. The issue price as at the date of granting was RM11.34 per ordinary share.

(v) On 18 September 2020, the Company proposed to undertake the following:

(a) A bonus issue of up to 1,033,729,744 new ordinary shares in the Company ("Scientex Shares") ("Bonus Shares") on the basis of two Bonus Shares for every one existing Scientex Share held on an entitlement date to be determined and announced by the Board at a later date ("Proposed Bonus Issue of Shares"); and

(b) An issuance of up to 103,372,974 free warrants in the Company ("Warrants") on the basis of one Warrant for every five existing Scientex Shares held on the same entitlement date as the Proposed Bonus Issue of Shares.

Barring any unforeseen circumstance and subject to all requisite approvals being obtained, the proposals are expected to be completed by the first quarter of year 2021.

(vi) On 21 September 2020, the Company announced that SQSB, a wholly-owned subsidiary of the Company, had entered into a SPA with Lee Pineapple Company (Pte) Limited for the proposed acquisition of eight (8) parcels of freehold land, all situated in the Mukim of Pulai, District of Johor Bahru, State of Johor, measuring an aggregate area of approximately 202.2 acres for a total purchase consideration of RM185,000,000. The proposed acquisition is expected to be completed in the first half of year 2021.

Statement by Directors

The directors of **SCIENTEX BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2020 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance
with a resolution of the directors,

LIM PENG JIN

LIM PENG CHEONG

Shah Alam, Selangor Darul Ehsan
22 October 2020

Declaration by The Officer Primarily Responsible for The Financial Management of The Company

I, **CHOO SENG HONG**, being the officer primarily responsible for the financial management of **SCIENTEX BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHOO SENG HONG
(MIA MEMBERSHIP NO. 11057)

Subscribed and solemnly declared by the abovenamed
CHOO SENG HONG at KUALA LUMPUR, WILAYAH PERSEKUTUAN
on this 22nd day of October 2020.

Before me,
TAN KIM CHOOI (W661)
Commissioner for Oaths
Kuala Lumpur
Wilayah Persekutuan

List of Properties Held by The Group

As at 31 July 2020

Location	Description/ Existing Use	Tenure	Land Area (Acres)	Built-up Area (sq.ft.)	Net Book Value (RM'000)	Age of Building (Year)	Year of Acquisition/ Revaluation*
GRN 488391 Lot 64189 Mukim of Pulai District of Johor Bahru State of Johor	Land for mixed development	Freehold	264.8	-	256,771	-	2018
GRN 40178 Lot 1758 GRN 49322 Lot 3503 GRN 49323 Lot 3504 Mukim of Rawang GRN 84115 Lot 18886 GRN 84116 Lot 18887 Bandar Kundang District of Gombak State of Selangor	Land for mixed development	Freehold	166.5	-	159,085	-	2020
GRN 38309 Lot 1608, Mukim Rawang District of Gombak State of Selangor	Land, factory buildings, office and warehouse for industrial use	Freehold	28.7	508,452	125,468	9 - 22	2020*
GRN 5762 Lot 535 GRN 7 Lot 567 GRN 5764 Lot 568 GRN 115348 Lot 3262 GRN 115349 Lot 3263 GRN 131904 Lot 5688 Mukim 12 District of Seberang Perai Utara State of Pulau Pinang	Land for mixed development	Freehold	179.7	-	117,343	-	2020
H.S. (D) 135841 P.T. No. 129324 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	12.5	272,567	90,221	5 - 8	2020*
GRN 315412 Lot 12165 Mukim of Rawang District of Gombak State of Selangor	Land for mixed development	Freehold	46.0	-	78,865	-	2018
GRN 22740 Lot 3267 GRN 62221 Lot 4017 GRN 62222 Lot 4018 Mukim of Durian Tunggal District of Alor Gajah State of Melaka	Land for mixed development	Freehold	191.4	-	68,638	-	2019
Lot No. 215, Section 15 Town of Shah Alam District of Petaling State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 27.07.2097	8.2	320,750	67,656	4 - 50	2020*
P.T. No. 125486 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	10.2	205,931	51,227	17 - 19	2020*
H.S. (D) 54426 PTD 104532 GRN 429849 Lot 48172 Mukim of Kulai District of Kulaijaya State of Johor	Land for mixed development	Freehold	69.3	-	43,905	-	2017

Analysis of Shareholdings

As at 19 October 2020

Type of Shares	-	Ordinary Shares
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	6,703

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings *	% *
Less than 100	359	5.36	10,499	0.00 ^
100 - 1,000	2,005	29.91	1,152,126	0.22
1,001 - 10,000	2,672	39.86	10,988,858	2.13
10,001 - 100,000	1,337	19.95	38,861,588	7.52
100,001 to less than 5% of issued shares	326	4.86	237,834,227	46.01
5% and above of issued shares	4	0.06	228,017,474	44.12
Total	**6,703**	**100.00**	**516,864,772**	**100.00**

Notes:-

* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

^ *Less than 0.01%.*

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	No. of Shares Held in the Company			
Name	Direct Interest	% *	Deemed Interest	% *
1 Lim Peng Jin	2,414,524	0.47	286,857,978 [A]	55.50
2 Lim Peng Cheong	50,000	0.01	271,193,554 [B]	52.47
3 Scientex Holdings Sdn Berhad	108,515,624	20.99	47,159,204 [C]	9.12
4 Scientex Leasing Sdn Bhd	47,159,204	9.12	-	-
5 Scientex Infinity Sdn Bhd	45,991,856	8.90	182,025,618 [D]	35.22
6 TM Lim Sdn Bhd	26,350,790	5.10	-	-
7 Sim Swee Tin Sdn Bhd	24,160,000	4.67	26,350,790 [E]	5.10

Notes:-

* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

[A] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Progress Innovations Sdn Bhd.*

[B] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Paradox Corporation Sdn Bhd.*

[C] *Deemed interest through Scientex Leasing Sdn Bhd.*

[D] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd and TM Lim Sdn Bhd.*

[E] *Deemed interest through TM Lim Sdn Bhd.*

DIRECTORS' SHAREHOLDINGS (as per Register of Directors' Shareholdings)

	No. of Shares Held			
Name	Direct Interest	%	Deemed/ Indirect Interest	%
Interest in the Company*				
1 Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	88,880	0.02	230,000 [a]	0.04
2 Lim Peng Jin	2,414,524	0.47	286,888,578 [b]	55.51
3 Lim Peng Cheong	50,000	0.01	273,515,390 [c]	52.92
4 Wong Chin Mun	81,000	0.02	-	-
5 Dato' Noorizah Binti Hj Abd Hamid	-	-	-	-
6 Ang Kim Swee	131,000 [d]	0.03	6,000 [e]	0.00 ^
Interest in a subsidiary - Daibochi Berhad#				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	17,500	0.01	-	-

Analysis of Shareholdings

Lim Peng Jin and Lim Peng Cheong by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, the Directors in office did not have any interest in shares in the Company or its related corporations.

Notes:-

- * *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*
- [a] *Indirect interests through Shareena Binti Mohd Sheriff and Mohd Ridzal Bin Mohd Sheriff.*
- [b] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd, Progress Innovations Sdn Bhd and Lee Chung Yau.*
- [c] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd, Paradox Corporation Sdn Bhd, Yong Sook Lan, Lim Jian You, Lim Chia Wei and Lim Jian Yen.*
- [d] *Held through nominee company.*
- [e] *Indirect interests through Ang Ying Fen and Ang Huang Yao.*
- ^ *Less than 0.01%.*
- # *Based on 327,349,859 ordinary shares of Daibochi Berhad in issue (excluding a total of 550,100 treasury shares held by Daibochi Berhad).*

Analysis of Shareholdings

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Names	No. of Shares Held	% *
1	Scientex Holdings Sdn Berhad	108,515,624	20.99
2	Scientex Leasing Sdn Bhd	47,159,204	9.12
3	Scientex Infinity Sdn Bhd	45,991,856	8.90
4	TM Lim Sdn Bhd	26,350,790	5.10
5	Sim Swee Tin Sdn Bhd	24,160,000	4.67
6	Progress Innovations Sdn Bhd	16,205,100	3.14
7	UOBM Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd*	9,400,000	1.82
8	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (Nomura)*	6,586,700	1.27
9	Low Geoff Jin Wei	6,373,232	1.23
10	Lim Koy Peng	5,012,971	0.97
11	Cartaban Nominees (Tempatan) Sdn Bhd - *PAMB for Prulink Equity Fund*	4,946,600	0.96
12	Lembaga Tabung Haji	4,500,000	0.87
13	Cartaban Nominees (Asing) Sdn Bhd - *BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	4,051,200	0.78
14	Hong Leong Assurance Berhad - *As Beneficial Owner (Life Par)*	4,000,600	0.77
15	ABB Nominee (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd*	4,000,000	0.77
16	Saw Soon Lin	3,933,688	0.76
17	Malaysia Nominees (Tempatan) Sendirian Berhad - *Pledged Securities Account for Malacca Securities Sdn Bhd (35-00334-000)*	3,000,000	0.58
18	Wong Mook Weng @ Wong Tsap Loy	2,821,576	0.55
19	HSBC Nominees (Asing) Sdn Bhd - *JPMCB NA for Vanguard Total International Stock Index Fund*	2,776,108	0.54
20	HSBC Nominees (Asing) Sdn Bhd - *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	2,525,900	0.49
21	Yatee & Sons Sdn Bhd	2,481,566	0.48
22	Lim Peng Jin	2,414,524	0.47
23	Chua Ah Nee	2,326,283	0.45
24	Cartaban Nominees (Asing) Sdn Bhd - *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	2,255,900	0.44
25	Citigroup Nominees (Asing) Sdn Bhd - *UBS AG*	2,232,559	0.43
26	Citigroup Nominees (Asing) Sdn Bhd - *Exempt An for Citibank New York (Norges Bank 14)*	2,223,000	0.43
27	Citigroup Nominees (Asing) Sdn Bhd - *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	2,179,628	0.42
28	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (Asianislamic)*	2,166,000	0.42
29	HLB Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Mplusonline Sdn Bhd*	1,960,000	0.38
30	Citigroup Nominees (Asing) Sdn Bhd - *Exempt An For Citibank New York (Norges Bank 19)*	1,938,200	0.37
	Total	**354,488,809**	**68.58**

Notes:-

* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting of the Company will be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Thursday, 17 December 2020** at **11.30 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2020 together with the Reports of the Directors and Auditors thereon.

2. To declare a single tier final dividend of 13 sen per ordinary share in respect of the financial year ended 31 July 2020. ***(Resolution 1)***

3. To re-elect the following Directors who retire by rotation in accordance with Regulation 81 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim ***(Resolution 2)***

   (b) Lim Peng Jin ***(Resolution 3)***

4. To approve the payment of Directors' fees of RM730,000 for the financial year ended 31 July 2020. ***(Resolution 4)***

5. To re-appoint Deloitte PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

6. **Ordinary Resolution I**
   Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016

   "THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals and/or requirements of the relevant governmental and/or regulatory authorities, where necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company from time to time at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be allotted and issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 6)***

7. **Ordinary Resolution II**
   Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company ("New Scientex Shares"), for the Purpose of the Company's Dividend Reinvestment Plan ("DRP") that Provides the Shareholders of the Company ("Shareholders") the Option to Elect to Reinvest Their Cash Dividend in New Scientex Shares

   "THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 December 2017 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of New Scientex Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting of the Company upon terms and conditions and to such persons as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said New Scientex Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAMP") of New Scientex Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of New Scientex Shares.

   AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they may, in their absolute discretion, deem fit and in the best interest of the Company." ***(Resolution 7)***

Notice of Annual General Meeting

8. **Ordinary Resolution III**
   Proposed Renewal of Share Buy-Back Authority

   "THAT subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act 2016 ("Act"), provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company's issued ordinary shares ("Scientex Shares") through Bursa Securities ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

   (a) The maximum number of Scientex Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

   (b) The maximum fund to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained earnings of the Company based on its latest audited financial statements. As at 31 July 2020, the audited retained earnings of the Company was RM131,878,000; and

   (c) The authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.

   THAT the Directors be and are hereby authorised to deal with the shares purchased by the Company pursuant to the Proposed Share Buy-Back in their absolute discretion and that the shares so purchased may be retained as treasury shares, distributed as share dividends to the shareholders, resold on the market of Bursa Securities, transferred and/or cancelled in accordance with the Act and/or be dealt with in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force, as may be selected and determined by the Directors from time to time.

   AND THAT the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto." ***(Resolution 8)***

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders, the proposed single tier final dividend will be paid on 13 January 2021 to shareholders whose names appeared in the Record of Depositors of the Company on 5 January 2021.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the depositor's securities account before 4.30 p.m. on 5 January 2021;

(b) Shares deposited into the depositor's securities account before 12.30 p.m. on 4 January 2021 (in respect of shares which are exempted from mandatory deposit); and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

TUNG WEI YEN (MAICSA 7062671) (SSM Practising Certificate No. 201908003813)
ONG LING HUI (MAICSA 7065599) (SSM Practising Certificate No. 202008000555)
Secretaries

Shah Alam
18 November 2020

Notes:-

1. ***Appointment of Proxies and Entitlement of Attendance***

   (i) *A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint at least one proxy to attend, participate, speak and vote in his/her stead and where a member appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy need not be a member of our Company. There is no restriction as to the qualification of the proxy.*

   (ii) *Every member of our Company including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who holds ordinary shares in our Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint at least one person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at our Annual General Meeting ("AGM"), and that such proxy(ies) need not be a member(s) of our Company. The appointment of more than one proxy in respect of any particular securities account or omnibus account shall specify the proportion of the member's shareholding to be represented by each proxy.*

   (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, either be executed under its common seal or under the hand of two authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.*

   (iv) *The form of proxy must be deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the stipulated time fixed for the holding of the meeting or at any adjournment thereof.*

   (v) *In respect of deposited securities, only members whose names appear in our Record of Depositors as at 9 December 2020 shall be regarded as a member and entitled to attend, participate, speak and vote at the meeting or appoint proxy to attend, participate, speak and/or vote on his/her behalf.*

2. ***Audited Financial Statements***

   Agenda 1 is for discussion at the meeting and no voting is required.

3. ***Re-election of Directors***

   The Directors who are subject to re-election have been assessed by the Board of Directors of the Company through the Nomination and Remuneration Committee.

4. ***Directors' Fees***

   The basis of fees payable to Directors remains unchanged for the financial year 2020. Further information of the Directors' Fees/ Remuneration is set out in the Corporate Governance Overview Statement of the Company's Integrated Annual Report 2020.

5. ***Explanatory Notes on Special Business:-***

   (i) ***Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016***

   Resolution 6, if passed, will empower the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 17 December 2019 and which will lapse at the conclusion of the Fifty-Second AGM.

   This renewal of general mandate, if approved, will provide flexibility to the Company to avoid any delay and cost in convening a general meeting for such issuance of shares for any possible fund raising exercise(s), including but not limited to placing of shares for the purpose of funding future expansion(s), investment project(s), working capital and/or acquisition(s) and/or for general corporate purposes and/or any strategic reasons.

   (ii) ***Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company ("New Scientex Shares"), for the Purpose of the Company's Dividend Reinvestment Plan ("DRP") that Provides the Shareholders of the Company the Option to Elect to Reinvest Their Cash Dividend in New Scientex Shares***

   Resolution 7, if approved, will re-new the authority given to the Directors to allot and issue New Scientex Shares pursuant to the DRP under the resolution passed at the Fifty-First AGM held on 17 December 2019, the authority of which will lapse at the conclusion of the Fifty-Second AGM.

   (iii) ***Proposed Renewal of Share Buy-Back Authority***

   Resolution 8, if passed, will empower the Company to purchase and/or hold the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless renewed, revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 18 November 2020.

Notice of Annual General Meeting

6. ***Poll Voting***

   Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

7. ***COVID-19***

   In view of the uncertainties in the ongoing outbreak of COVID-19 in Malaysia, our Company may, at short notice, change the arrangements of our AGM including the manner to conduct our AGM. In the event of any change to the arrangements of our AGM, we will use our best endeavours to notify you accordingly, and such notification will be made available on Bursa Malaysia Securities Berhad's website at https://www.bursamalaysia.com and the Company's website at https://www.scientex.com.my before our AGM.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

1. **Details of individuals who are standing for election as Directors**

   No individual is seeking election as Director at the forthcoming Fifty-Second Annual General Meeting of the Company.

2. **Statement relating to the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements**

   The details of the general mandate are set out in the Notice of Annual General Meeting dated 18 November 2020 under item (i) of the Explanatory Notes on Special Business.

FORM OF PROXY

SCIENTEX

healthy, friendly & happy ...

SCIENTEX BERHAD
Company No. 196801000264 (7867-P)
(Incorporated in Malaysia)

I/We ______________________________ NRIC No./Passport No./Registration No. ____________________

Number of Shares Held ____________________ CDS Account No. ______________________________

of ____

Contact/Mobile Phone No. ____________________ Email Address ______________________________

being a member(s) of Scientex Berhad, hereby appoint:

Full Name in Block Letters				Proportion of Shareholdings
NRIC No./Passport No.				
Full Address				
Contact/Mobile Phone No.		Email Address		%

And/or failing him/her

Full Name in Block Letters				Proportion of Shareholdings
NRIC No./Passport No.				
Full Address				
Contact/Mobile Phone No.		Email Address		%

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us and on my/our behalf at the Fifty-Second Annual General Meeting of the Company to be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Thursday, 17 December 2020** at **11.30 a.m.** or at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	PROXY A		PROXY B	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the declaration of a single tier final dividend of 13 sen per ordinary share.				
2.	To re-elect Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim as Director of the Company.				
3.	To re-elect Lim Peng Jin as Director of the Company.				
4.	To approve the payment of Directors' fees of RM730,000.				
5.	To re-appoint Deloitte PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.				
6.	To authorise the Directors to allot and issue shares pursuant to the Companies Act 2016.				
7.	To approve the Proposed Renewal of Authority to allot and issue new ordinary shares under the Company's Dividend Reinvestment Plan.				
8.	To approve the Proposed Renewal of Share Buy-Back Authority.				

Please indicate with (✗) how you wish your vote to be cast. In the absence of specific instruction, your proxy/proxies will vote or abstain from voting at his/her discretion.

Dated this __________ day of ________________ 2020.

____
Signature of Member(s)

Notes:-

(i) A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint at least one proxy to attend, participate, speak and vote in his/her stead and where a member appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy need not be a member of our Company. There is no restriction as to the qualification of the proxy.

(ii) Every member of our Company including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who holds ordinary shares in our Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint at least one person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at our Annual General Meeting ("AGM"), and that such proxy(ies) need not be a member(s) of our Company. The appointment of more than one proxy in respect of any particular securities account or omnibus account shall specify the proportion of the member's shareholding to be represented by each proxy.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, either be executed under its common seal or under the hand of two authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.

(iv) The form of proxy must be deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the stipulated time fixed for the holding of the meeting or at any adjournment thereof.

(v) In respect of deposited securities, only members whose names appear in our Record of Depositors as at 9 December 2020 shall be regarded as a member and entitled to attend, participate, speak and vote at the meeting or appoint proxy to attend, participate, speak and/or vote on his/her behalf.

(vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

(vii) In view of the uncertainties in the ongoing outbreak of COVID-19 in Malaysia, our Company may, at short notice, change the arrangements of our AGM including the manner to conduct our AGM. In the event of any change to the arrangements of our AGM, we will use our best endeavours to notify you accordingly, and such notification will be made available on Bursa Malaysia Securities Berhad's website at https://www.bursamalaysia.com and the Company's website at https://www.scientex.com.my before our AGM.

Fold this flap for sealing

2nd fold here

Affix
Stamp
Here

COMPANY SECRETARY

SCIENTEX BERHAD
Company No. 196801000264 (7867-P)

No. 9, Persiaran Selangor
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan, Malaysia

1st fold here

SCIENTEX BERHAD 196801000264 (7867-P)
No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: +603-5524 8888/+603-5519 1325 (Hunting Line) Fax: +603-5519 1884 Email: info@scientex.com.my
Website: www.scientex.com.my

SCIENTEX®

healthy, friendly & happy ...