

# Scientex to continue enhancing global competitiveness

by NUR HANANI AZMAN

SCIENTEX Bhd intends to continue enhancing its global competitiveness in the high-growth packaging segment, as it increasingly supports demand from essential food and beverage, and fast-moving consumer goods conglomerates.

Scientex CEO Lim Peng Jin said the group is closely collaborating with customers on making significant headway in the sustainable packaging agenda.

The packaging manufacturer and property developer recorded higher net profit in the first quarter ended Oct 31, 2020 (1Q21), RM92.5 million from RM81 million a year ago.

Revenue fell to RM802.3 million from RM877.4 million in the preceding year's corresponding quarter, mainly due to lower sales tonnage in the export market due to the general slowdown in the global economy, the group said in a filing to Bursa yesterday.

Lim said the double-digit growth was driven by better packaging sales mix from its diverse range of packaging solutions.

"The packaging division remained the group's largest revenue contributor with RM583.8 million in 1Q21, versus RM655.9 million previously.

He added that the property segment registered steady construction progress from ongoing projects in Johor, Melaka and Perak, leading to stable revenue of RM218.4 million in 1Q21 versus RM221.5 million in the previous year.

"Our property segment is also poised to chart significant milestones, by ramping up our construction progress and new launches, as well as enlarging our landbank further.

"We will leverage our strong brand in the affordable housing segment to expand our footprint," he said in a statement.

In September 2020, Scientex com-

pleted the acquisition of a 138.6-acre (56.08ha) landbank in Cheras, Selangor.

As part of ongoing landbanking activities, the group also completed the acquisition of a 17.6-acre landbank next to its current development in Kundang Jaya, Selangor, in November 2020.

Additionally, the pending acquisitions of landbanks in Seremban, Negri Sembilan; Jasin, Melaka; and Pulai, Johor, are expected to be completed by the first half of the calendar year 2021.

At the group's 52nd AGM yesterday, Scientex's shareholders approved a final dividend of 13 sen per share in respect of the financial year ended July 31, 2020 (FY20).

Together with an earlier paid interim dividend of 10 sen per share for FY20, total dividend payout of RM118.8 million constitutes 30.4% of the group's FY20 net profit.

The ex-date of the final dividend would be on Jan 5, 2021, with pay-

ment date on Jan 13, 2021.

Subsequently, at Scientex's EGM, shareholders approved the proposed two-for-one bonus issue and one-for-five free warrants issue.

The proposed bonus issue involves the issuance of up to about one billion new ordinary shares, assuming the existing 100 treasury shares are resold in the open market at the acquisition cost.

The bonus issue would increase the total number of the group's ordinary shares to around 1.6 billion shares, with the value of Scientex's share capital remaining unchanged.

The group would also issue a maximum of 103.4 million free warrants. The warrants would have an exercise price of RM4.30 per warrant, with a tenure of five years commencing from the date of issuance of the warrants.

Assuming full exercise of the warrants under the maximum scenario, Scientex would raise a maxi-

mum of RM413.5 million in proceeds over the five-year period, to be utilised for working capital requirements and to fund future expansion for both packaging and property development segments whenever any opportunities arise in the future.

Lim said under the maximum scenario and assuming full exercise of warrants, the group's enlarged share capital would increase to RM1.1 billion comprising 1.7 billion shares.

"The bonus issue would further enhance the marketability and trading liquidity of our shares, potentially enticing more interest from the investment community.

"Additionally, we are rewarding our existing shareholders with free warrants, providing an avenue for them to increase their equity shareholding and benefit from future capital appreciation in tandem with the bright prospects of the company going forward," he added.