healthy, friendly & happy ...

INTEGRATED ANNUAL REPORT

2021

SCIENTEX BERHAD

196801000264 (7867-P)

Contents

In This Year's **Report**

OUR REPORTING SUITE

FY2021 represents our second year of Integrated Reporting. This year, we have expanded our suite of reporting to include our inaugural Sustainability Report, with the aim of providing a more holistic narrative of how we generate financial and non-financial performance, assess our risks and opportunities, and drive sustainable outcomes as a Group.

OUR REPORTING SUITE

Our Integrated Annual Report 2021 provides a comprehensive yet concise overview of how we create value as a Group, our performance in FY2021 and our outlook as we move towards achieving our next 'Double Up' milestone in FY2023.

With reference to our established business processes and our three Drivers of Growth, Capacity, Efficiency and Product Value, which outline the specific strategies, including the embedding of sustainable business practices across our value chain, that we are employing to entrench our competitive advantages and drive continuous yet balanced growth.

- International <IR> Framework, January 2021 (<IR> Framework) by Value Reporting Foundation
- Bursa Malaysia Main Market Listing Requirements
- Malaysian Financial Reporting Standards
- Malaysian Code on Corporate Governance 2017
- Companies Act 2016 (Malaysia)

Our inaugural Sustainability Report 2021 contains an in-depth analysis of our sustainability performance in relation to Environmental, Social and Governance (ESG) issues material to the Group and our stakeholders.

It provides a more holistic analysis of sustainability compared to our statements of previous years, placing focus on the environmental initiatives we have launched to reduce our material use, energy use, waste generation and emissions. It also outlines the new and improved policies we have adopted to enshrine our practices across our Group and our supply chain.

- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Sustainability Reporting Guidelines (2nd edition)
- Global Reporting Initiative (GRI) Standards (GRI Standards): Core Option

Disclosures aligned to:
- United Nations Sustainable Development Goals (UN SDGs)

SCOPE AND BOUNDARY

- This 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 2020 to 31 July 2021 ("FY2021") and builds on our previous publications, unless otherwise stated.
- Covers the two business divisions of the Group, namely the Packaging Division and the Property Division.

FORWARD LOOKING STATEMENTS

- This report 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.
- The inclusion of forward-looking statements in this report should not be regarded as a representation or warranty that Scientex'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 publicly update or revise any forward-looking statements.

STAKEHOLDER RELATIONSHIPS AND MATERIALITY

- We apply the principle of Stakeholder Relationships and the 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 seven material matters (refer to 'Our Material Matters' on page 46), and six key stakeholders (refer to 'Key Stakeholder Engagement' on page 39).

VALUE CREATION

- Our Value Creation Story and Value Creation Business Model, on page 33 and page 36 respectively, describe how we create value over time, thereby driving progress towards our vision 'To Grow The Scientex Community For A Better Tomorrow' and 'To Double Up Every Five Years'.

- To articulate our various stores of value, this report uses the 'Six Capitals' based on the <IR> Framework. Inputs from each of the capitals empower the execution of business strategies that deliver outputs and outcomes, in the short, medium and long term, for the Group and our stakeholders.

FINANCIAL CAPITAL

Our financial assets including cash generated from our operations and investments, and other sources of funding

MANUFACTURED CAPITAL

Our physical assets, including our plants, machineries and its embedded technology, and our land banks

INTELLECTUAL CAPITAL

Our established and systematic procedures and processes, collective know-how and expertise, brand values and reputation in our markets and industries of operation

HUMAN CAPITAL

Our dynamic leadership, skilled workforce, their combined experience and competencies, and their contributions to innovation and growth

SOCIAL & RELATIONSHIP CAPITAL

Our long-standing, trust-based relationships with our stakeholders

NATURAL CAPITAL

The natural resources we utilise in our processes and the energy we consume

RISK CATEGORIES

- Based on the risk management process, our risks are segmented into four categories based on their potential area of impact.

STRATEGIC

Changes in economic and business trends that impact the execution of business strategies

OPERATIONAL

Unfortunate events that have the potential to disrupt day-to-day operations and business processes

FINANCIAL

Risks that have a direct financial impact on the Group

COMPLIANCE

Non-compliance with laws and regulations may result in legal penalties and reputational damage

Refer to 'Key Risks and Mitigation' on page 51 for more details.

INTEGRATED REPORTING ACKNOWLEDGEMENT STATEMENT

The Board acknowledges its responsibility of ensuring the integrity of this Integrated Annual Report, which in the Board's opinion addresses all the issues that are material to the Group's ability to create value and fairly presents the financial and non-financial performance of the Group. The Board has applied its collective efforts towards the preparation and presentation of this report which has been prepared with reference to the <IR> Framework.

This report was approved by the Board on 15 October 2021.

About **Scientex Berhad**

OUR BUSINESSES

PACKAGING	PROPERTY

A publicly listed company on the Main Market of Bursa Malaysia Securities Berhad since 1990, we are a leading manufacturer in flexible plastic packaging and a prominent developer of affordable homes in Malaysia.

From our humble beginnings in 1968, our drive to achieve continuous growth has seen us become one of the world's top manufacturers of stretch film and an end-to-end flexible plastic packaging producer with a presence across the packaging value chain, from stretch films, base films and printed films to bags and multi-layered flexible plastic packaging solutions used in industrial and consumer packaging. Our Property Division, meanwhile, works to meet the demand for affordable housing with our developments and townships now spanning seven states across Peninsular Malaysia.

VISION

TO GROW THE SCIENTEX COMMUNITY FOR A
BETTER TOMORROW

TO **DOUBLE UP**
EVERY FIVE YEARS

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

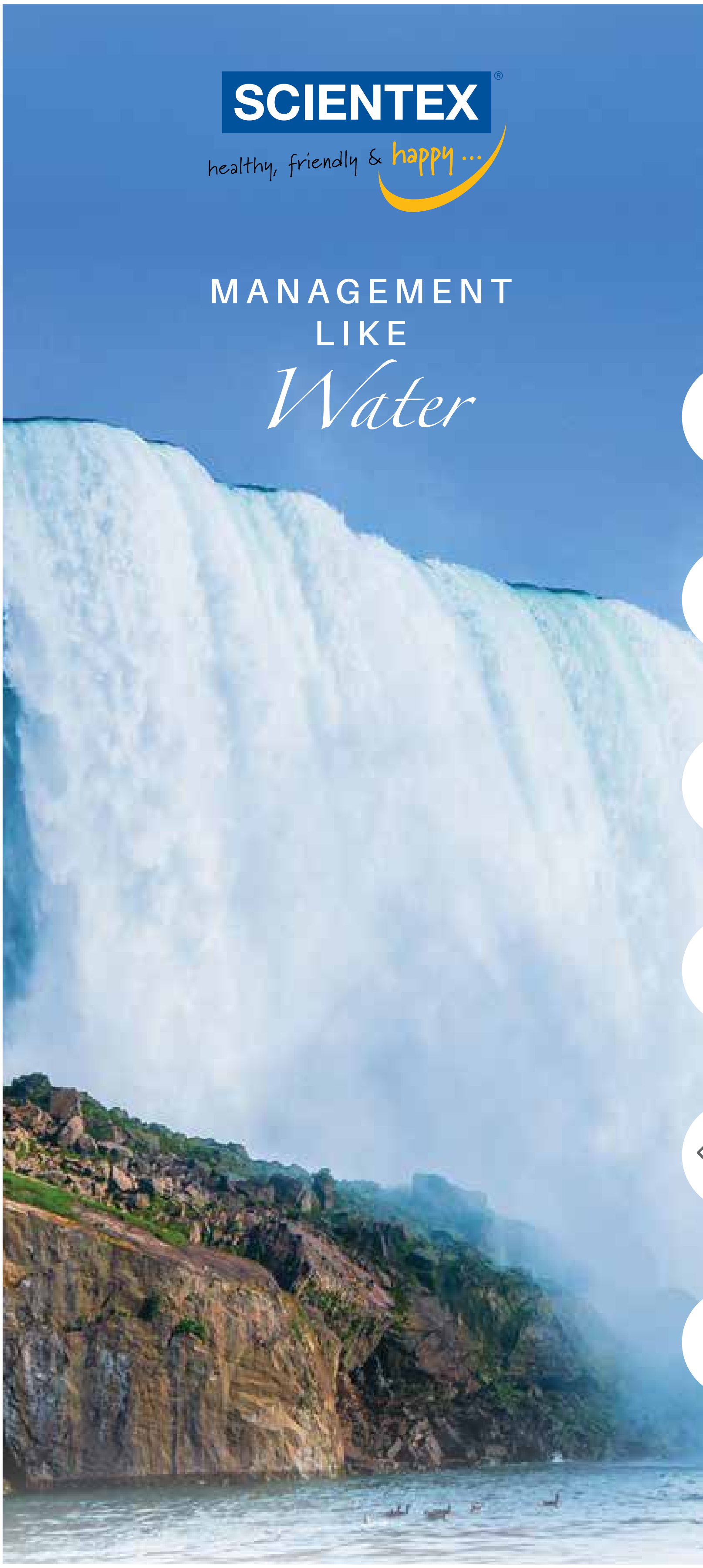
PURPOSE

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**



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

A Snapshot of **FY2021**

In a year of global uncertainty and unprecedented challenges, we delivered a credible performance with a steady increase in revenue, profits and earnings per share, driven by consistent reinvestment into high growth areas of our business.

A ROBUST OVERALL PERFORMANCE

REVENUE
RM3.7 Billion
+3.9%

PROFIT BEFORE TAX
RM601.0 Million
+10.4%

NET PROFIT
RM457.2 Million
+17.2%

EARNINGS PER SHARE
29.5 Sen
+17.0%

SHAREHOLDERS' EQUITY
RM2.9 Billion
+13.1%

NET GEARING RATIO
0.30 Times

PACKAGING DIVISION

280,660 metric tonnes of products sold

17 new extrusion and converting machines installed

36 new innovations commercialised

PROPERTY DIVISION

1,944 acres of land banks acquired

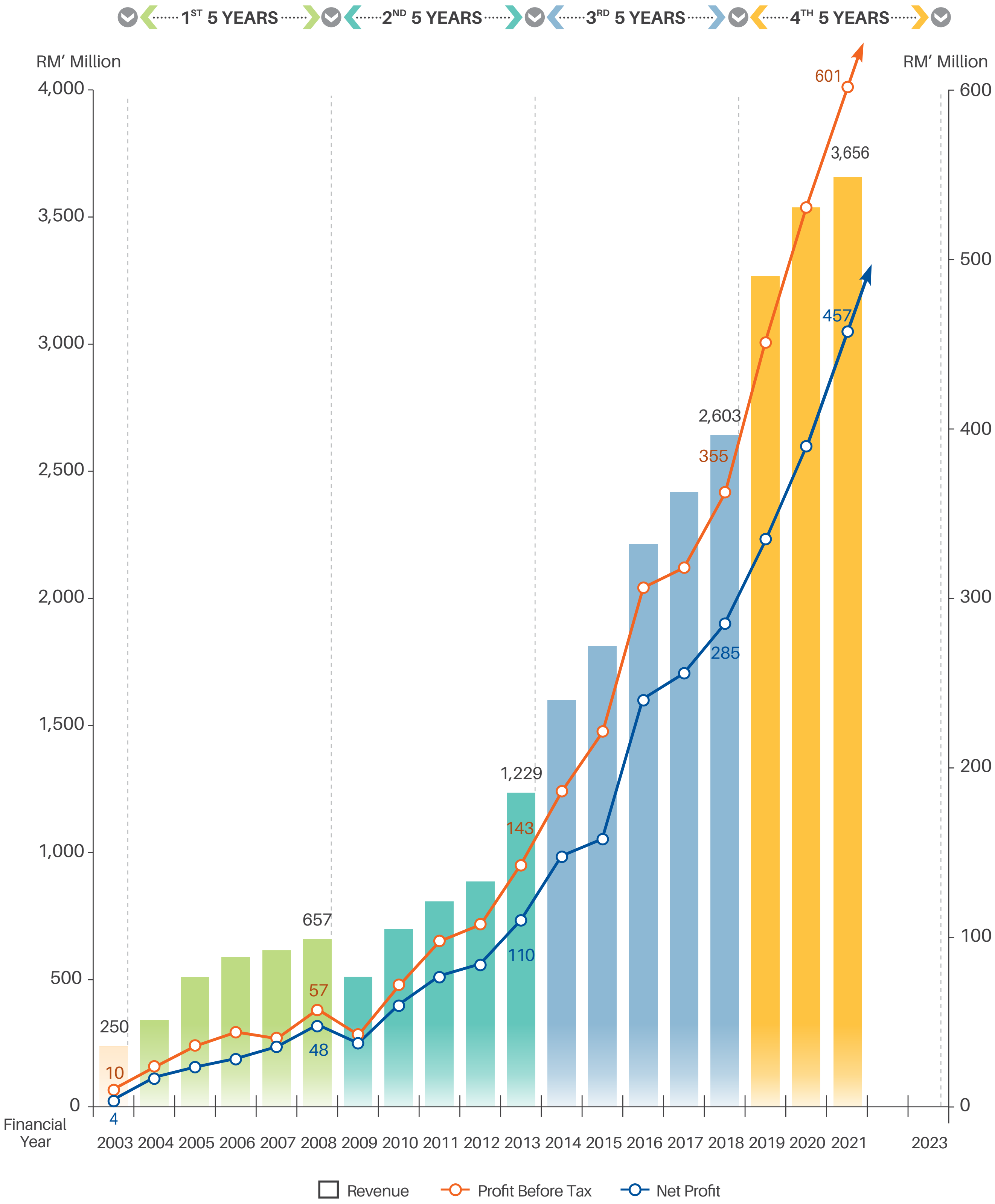
3,766 units of affordable homes completed

25,297 units of affordable homes completed to date

Doubling Up **Every Five Years**

FY2023

8,000 units per annum of affordable homes	400,000 MT per annum flexible plastic packaging



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
Senior 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
Chairperson

Dato' Noorizah Binti Hj Abd Hamid
Member

Ang Kim Swee
Member

NOMINATION AND REMUNERATION COMMITTEE

Ang Kim Swee
Chairperson

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

Packaging Division **Overview**

Our stretch film lines at Pulau Indah, Selangor plant

A PIONEER IN INDUSTRIAL AND CONSUMER PACKAGING SOLUTIONS

Since 1997, we have grown from strength to strength in the regional and global packaging industry. In this time, we have established our status as one of the world's largest and reputable stretch film producers, known for our high-quality films with a strong emphasis on innovation, and are proud to have built the world's largest stretch film manufacturing facility in a single location at Pulau Indah, which is located in the state of Selangor, Malaysia.

At the same time, we have successfully diversified to become a fully integrated end-to-end packaging producer, providing a wide range of packaging solutions for both the industrial and consumer markets. Our end-to-end presence has enhanced our ability to innovate in tandem with market trends and empowers us to capitalise on the growing global and regional demand for sustainable flexible packaging solutions.

GROWING SUSTAINABLY ACROSS THE PACKAGING INDUSTRY

Guided by our vision that emphasises sturdy and constant growth, we place focus on growth within our current market segments as well as diversification into related segments that will afford us greater production capacity, extend our capabilities, provide cost benefits and enhance our market presence.

At the same time, we strive to convert trends into growth opportunities via a strong emphasis on cutting-edge innovation. Our efforts to develop fully recyclable packaging solutions, downgauge our films, improve our printing and production capabilities and innovate products in tandem with burgeoning customer demands has provided a robust and sustainable foundation for growth across both our industrial and consumer packaging segments.

INTEGRATING ACROSS THE FLEXIBLE PACKAGING SUPPLY CHAIN

Our wide array of packaging products extends across key profiles within the industrial and consumer packaging sectors.

Our industrial packaging products include stretch films, Polypropylene (PP) strapping bands, shrink films, heavy duty sacks, FIBC bags and agricultural films, amongst others. Meanwhile, our consumer packaging solutions include base films such as Polyethylene (PE), Biaxially oriented polypropylene (BOPP) and Cast Polypropylene (CPP) films, metallised films, printed films, barrier films, wicket bags and multi-layered flexible packaging solutions.

More details on our complete range of packaging products may be found on our corporate website.

Packaging Division Overview

Capabilities across the packaging value chain

SPURRING EXPANSION THROUGH CONTINUOUS INNOVATION

The industrial and consumer packaging market segments are continually evolving and there is a constant demand for new innovations with superior attributes, greater cost and resource efficiency, and a greater application of the principles of sustainability.

We therefore keep a close eye on the latest developments across the packaging value chain to uncover new technologies or processes that we can apply within our operations. Coupled with the development of strong and engaging relationships with our customers, this cooperative process generates powerful collective insights that provide us with a keen awareness of emerging trends as well as the agility and expertise to establish early market dominance for innovative and sustainable new products.

Our emphasis on innovation as a driver of expansion is supported by a strong and experienced technical team along with cutting-edge technology and state-of-the-art machinery to enable pioneering film extrusion and an unparalleled range of printing and converting capabilities. Furthermore, we possess comprehensive in-house testing facilities through our technical centres, which has empowered us to efficiently drive product innovation.

Research and development facilities

We were the first mover in Malaysia in the development of a fully recyclable mono-material laminate packaging for a domestic fast-moving consumer goods (FMCG) brand in 2019 and are continuing to grow our presence in the mono-material laminate category. At the same time, we have persisted with the enhancement of our downgauging capabilities to reduce the thickness of the stretch films and various other product ranges that we produce, thereby minimising raw material usage and logistics costs.

By continuing to innovate enhanced flexible plastic packaging that is more sustainable, resource conscious and cost-effective, we are increasingly able to fulfil a growing global demand that continues to be driven by rapid population growth, evolving urban lifestyles and a greater concern for the preservation of the environment, hygiene and waste reduction.

Packaging Division **Business Process**

To enable our Packaging Division to meet its growth targets, we have established effective business processes that empower us to remain focused on quality, innovation and the maximisation of value in the short, medium and long term.

OUR STEADFAST APPROACH TOWARDS STEADY GROWTH

DEVELOP

Description

The conception of pioneering new products with innovative market-driven technology

Principal Activities

- Persistent product innovation
- State-of-the-art machinery investments
- Enhancement of capacity and capabilities across our plants

PROCURE

Description

The efficient and well-planned purchase of raw materials

Principal Activities

- Centralised purchasing of main raw materials to enhance cost efficiency
- Develop and nurture a sustainable supplier pool
- Ensure consistent supply of raw materials
- Optimise storage time through inventory monitoring systems

PRODUCE

Description

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

Principal Activities

- Enhance production efficiency through automation and factory specialisation
- Effective layout planning of factories to improve productivity
- Scheduled production planning to increase machine efficiency

SELL

Description

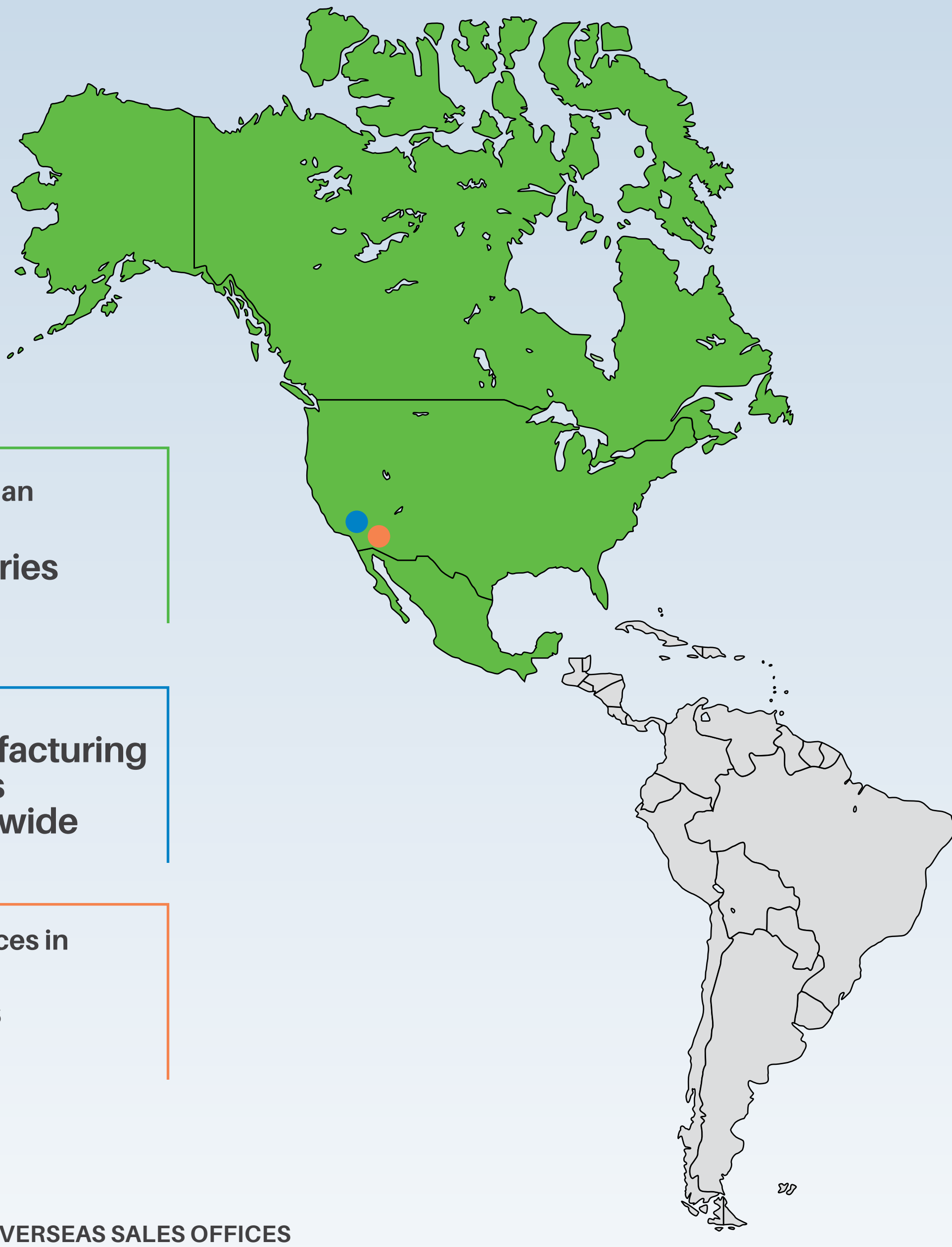
Constantly expand our customer base and market reach

Principal Activities

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

Packaging Division **Market Presence**

As a fast-growing global player in the flexible plastic packaging industry, we continue to expand our international presence with a growing number of manufacturing plants and offices across Malaysia and around the globe.



Exporting to more than
60 countries

17 manufacturing plants worldwide

Overseas sales offices in
9 countries

MANUFACTURING PLANTS

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

OVERSEAS SALES OFFICES

- Melbourne, Australia
- Sydney, Australia
- Jakarta, Indonesia (2 offices)
- Surabaya, Indonesia
- Tokyo, Japan
- Auckland, New Zealand
- Manila, Philippines
- Singapore
- Bangkok, Thailand
- Phoenix, Arizona, USA
- Yangon, Myanmar

EXPORT COUNTRIES

Packaging Division Market Presence

Property Division **Overview**

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

A REPUTABLE DEVELOPER SPECIALISING IN AFFORDABLE HOMES

Since the inception of our Property Division in 1995, we have remained primarily focused on our core objective of addressing Malaysia's growing need for affordable housing. Armed with this mandate, we have successfully expanded our repertoire of affordably priced, yet desirable, residential projects across Peninsular Malaysia.

BUILDING BETTER LIVING OPPORTUNITIES FOR MALAYSIANS

Commencing from our very first project in Pasir Gudang, Johor, we have since grown our presence from Johor to Melaka and to the Central regions of Selangor and Perak. Our most recent expansion is in the state of Penang, where we are proud to be working in tandem with the state government's affordable housing scheme to increase the supply of quality housing with affordable prices.

Our focus on expanding our footprint in the affordable housing sector is driven by both social and economic factors. Within the social aspect, we have always believed there to be an undersupply of affordable homes that provide quality living spaces for the middle-to-lower-income population. This is underscored by the discrepancy between high median home prices compared to the strong demand for affordable homes priced below the median rate (see 'Market Review, Outlook and Trends – Property' on page 44 for more details).

Artist's impression of double storey terrace house in Kota Tinggi, Johor

By providing much needed supply within an affordable home segment where demand is expected to increase, we place ourselves in a prime position to capture greater market share across the peninsula.

To this end, our acquisition team has been carefully monitoring opportunities to expand our land banks and we have committed to purchase several new land banks across Peninsular Malaysia in the current year. Our sales teams have also continued to efficiently launch new projects while leveraging on digital media and innovative strategies to expand our customer reach in the 'new normal'.

Looking ahead, we are in a robust position to leverage upon our numerous land banks, expertise in efficient construction, and impeccable track record to expand our presence within all the regions in which we operate, as well as new potential locations, as we continue to magnify our footprint across the peninsula and provide better living opportunities for all Malaysians.

THE SCIENTEX TRIFECTA OF BENEFITS

SPEED
We progress quickly from acquisition to development and are reputed for on-time delivery

COST
We carefully design and construct homes that provide the best value

QUALITY
We provide high standards of safety and quality within the affordable home segment

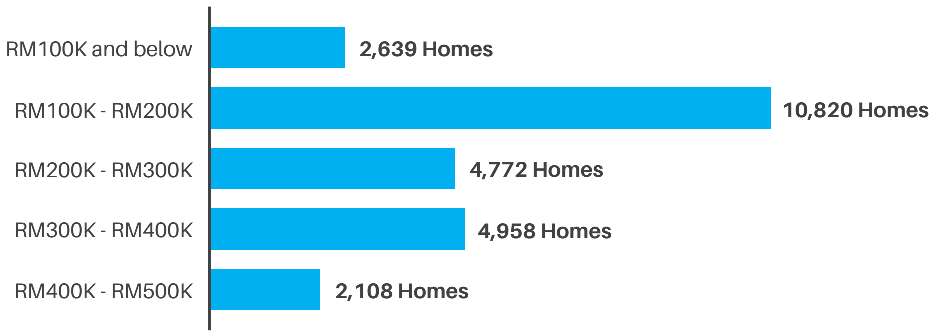
TOWARDS 50,000 UNITS OF AFFORDABLE HOMES BY 2028

As one of the nation's leading developers of affordable homes, we aspire to complete 50,000 units by 2028. We are proud to align our objectives with both the federal and respective state governments' 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 25,297 units of affordable homes priced below RM500,000 nationwide, of which more than 70% are priced below RM300,000.

Scientex Rawang in Selangor

Total Affordable Homes completed
As at 31 July 2021

25,297 Homes



Property Division **Business Process**

In our quest to achieve 50,000 affordable homes built by 2028, our Property Division has established business processes that optimise efficiency, value and speed though proactive acquisition, standardised design, effectual launches and timely construction supported by Industrial Building System (IBS) construction technique.

EFFICIENTLY PROGRESSING FROM ACQUISITION TO CONSTRUCTION

ACQUIRE

Description

The acquisition of land banks in strategic locations

Principal Activities

- Identify land banks suitable for affordable residential projects
- Purchase land banks at the right terms and cost

PLAN

Description

Optimise land planning and layouts of developments

Principal Activities

- Enhance land bank usage while providing a desirable living environment
- Standardise designs to maintain quality and increase cost efficiency
- Experienced team that keeps updated on regulatory approval procedures and requirements

LAUNCH

Description

Sell and promote through conventional media and digital marketing channels

Principal Activities

- Standardised operating procedures for project launches
- Leverage on digital and social media platforms to engage with a wide audience and perform transactions
- Build a brand that is responsible and desirable

BUILD

Description

Build with efficient construction methods

Principal Activities

- Bulk purchase materials through centralised purchasing
- Adopt efficient construction processes
- Continuously enhance quality with IBS construction technique

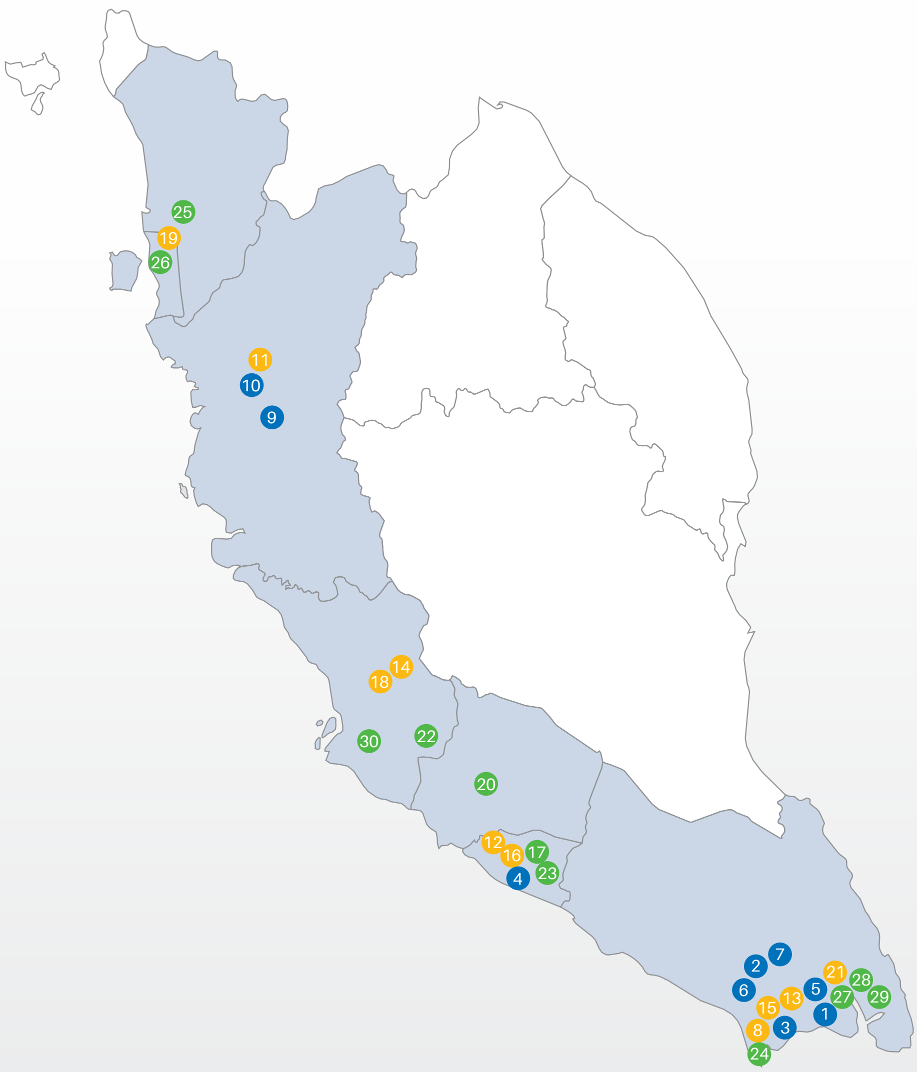
Property Division **Market Presence**

GROWING OUR FOOTPRINT ACROSS MALAYSIA

Over the last two decades, our Property Division has steadily expanded its presence northwards from Johor through to Melaka, Negeri Sembilan, Selangor, Perak, Penang and Kedah.

30 townships and developments across Malaysia

1. Scientex Pasir Gudang
2. Scientex Kulai
3. Scientex Skudai
4. Scientex Ayer Keroh
5. Scientex Senai
6. Scientex Kulai 2
7. Scientex E'Roca Hills
8. Scientex Pulai
9. Scientex Klebang
10. Scientex Meru
11. Scientex Meru 2 & 3
12. Scientex Durian Tunggal
13. Scientex Senai 2
14. Scientex Rawang
15. Scientex Amber Land
16. Scientex Durian Tunggal 2
17. Scientex Jasin
18. Scientex Kundang Jaya
19. Scientex Tasek Gelugor
20. Scientex Seremban
21. Scientex Kota Tinggi
22. Scientex Cheras
23. Scientex Bandar Jasin
24. Scientex Pulai 3
25. Scientex Sungai Petani
26. Scientex Sungai Dua
27. Scientex Pelangi 1
28. Scientex Pelangi 2
29. Scientex Pelangi 3
30. Scientex Jenjarom



Matured development Ongoing development New development

Chairman's Statement

ADAPTING AND EXCELLING AMIDST UNPRECEDENTED OPERATING ENVIRONMENTS

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

Dear Fellow Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the Integrated Annual Report of Scientex Berhad (interchangeably referred to as "Scientex", the "Group" and/or the "Company") for the financial year ended 31 July 2021 ("FY2021").

PROGRESSING OUR REPORTING FRAMEWORK

For the second year running, we are reporting in accordance with the <IR> Framework stipulated by the Value Reporting Foundation, previously known as the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). This framework has enabled us to integrate and align our business objectives with our material matters, risks and opportunities to better communicate our approach towards value creation, innovation and expansion activities, and achieve our long-term growth objectives.

We continue to be focused on improving the scope, thoroughness, transparency and effectiveness of our corporate reporting and are therefore pleased to be publishing our inaugural standalone Sustainability Report in FY2021. The report provides a comprehensive look at our approach towards sustainability along with disclosures on topics that are material to the Environmental, Social and Governance (ESG) performance of our business operations.

While our Packaging and Property Divisions have once again faced unprecedented challenges in FY2021 due to a weakened global economy, disrupted supply chains, and multiple lockdowns and protocols, I have been humbled to see all business entities and corporate teams pulling together with determination and hard work to overcome these obstacles. I am proud to report that with these concerted efforts, we continue to stay on course towards our vision, which is 'To Grow The Scientex Community For A Better Tomorrow' and 'To Double Up Every Five Years'.

RESILIENT RESULTS DESPITE GLOBAL ECONOMIC CHALLENGES

Another Record Year

Revenue
RM3.7 billion

Net Profit
RM457.2 million

Earnings Per Share
29.5 Sen

Our revenue increased by 3.9% over the past year, from RM3.5 billion in FY2020 to RM3.7 billion in FY2021, while we posted a significant 17.2% rise in our net profit from RM390.1 million in FY2020 to RM457.2 million this past financial year.

Meanwhile, earnings per share rose 17.0% to 29.5 sen compared to last year's 25.2 sen. Our fiscal position as of FY2021 remains strong with a net gearing level of 0.30 times, thereby providing us with the means to facilitate our continued expansion.

Our consistent year-on-year financial performances have brought us international recognition, and we have made it to the Forbes Asia's Best Under A Billion list for two consecutive years of 2020 and 2021.

Read more

Financial Review > page 58

DELIVERING HEALTHY SHAREHOLDER RETURNS

In recognition of our shareholders' continuous support, the Company has also completed 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, which were issued and allotted on 14 January 2021 and 15 January 2021 respectively.

The Group declared a single tier interim dividend of 4 sen per ordinary share on 23 June 2021, paid on 23 July 2021. The Board would like to further reward its shareholders with a proposed single tier final dividend of 5 sen per ordinary share to be approved at the coming Annual General Meeting. In total, this would see a sum of RM139.6 million to be paid out as dividends for the financial year just ended, approximately 30.5% of the Group's net profit, underscoring our commitment to distribute at least 30% of annual net profit as dividends each year.

ROBUST PROSPECTS FOR GROWTH

Amidst continuing challenges faced by the global economy due to COVID-19, the Group remains cautiously optimistic about prospective growth opportunities across both of our dual core businesses.

As the global packaging industry continues to forecast strong growth, and with demand from the Asia-Pacific region expected to increase in tandem with greater urbanisation and the growing emphasis placed on hygiene and safety, our Packaging Division has equipped itself well to capture greater market share in both the industrial and consumer packaging sectors. In doing so, we are driving increased market share through robust strategies that prioritise the development of innovative products to meet evolving customer needs.

Our Property Division, meanwhile, has continued its strong expansion in line with our 'Cross Boundary Development Strategy' and has opened up exciting opportunities for new developments in both the South and Central regions, where we have established our presence, as well as in the North of Peninsular Malaysia, where we have recently expanded our footprint.

Looking forward, demand in the affordable housing sector is likely to remain robust as national government initiatives continue to support home ownership for the middle-to-lower-income segments.

Read more

Market Review, Outlook and Trends > page 42

Chairman's Statement

EXPANDING OUR CAPABILITIES ACROSS BOTH DIVISIONS

In FY2021, both of our divisions remained committed to their respective strategies to secure growth and expansion in their business activities.

Our Packaging Division continues to build its presence within the industrial stretch film market by innovating high performance downgauged stretch film and launched its latest Nano Ultra XE 67-layer stretch film in FY2021. We have also continued to innovate base films which enable existing non-recyclable multi-layered flexible plastic packaging structures to be replaced with fully recyclable structures.

Recognising that cutting-edge technology will provide the ideal foundation for growth and expansion within this division, we will continue to invest appropriately in advanced machinery, technology and automation which will enable us to reach our innovation and sustainability objectives.

On this note, I urge you to peruse our Sustainability Report 2021 to discover how our product and process innovations have delivered a multitude of positive sustainability outcomes, including by aiding the optimal use of energy and raw materials, and reducing the emissions and waste we generate.

In our Property Division, the 3,766 affordable homes we constructed this year brings our total affordable homes constructed so far to 25,297 and places us on the right trajectory to achieve our goal of completing 50,000 affordable homes by 2028. Correspondingly, we have also raised our FY2023 'Double Up' target from 6,000 to 8,000 homes per annum.

During FY2021, we acquired a total of six parcels of land totalling 1,944 acres for RM547.5 million, and committed to acquire a further four parcels totalling 1,527 acres for RM966.9 million. Our latest acquisitions will further strengthen our footprint across Peninsular Malaysia, delivering quality, affordable housing to more Malaysians.

Read more

Operational Review > page 63

SAFEGUARDING WHAT MATTERS MOST

As the COVID-19 pandemic continued to impact business operations, our COVID-19 Taskforce have worked tirelessly to establish and refine effective standard operating procedures (SOPs), facilitate ongoing communication with and education of our workforce, and avail our workforce of the necessary testing and vaccinations.

Through our SOPs and by transitioning quickly to the use of online and digital technology for meetings, trainings, seminars and staff engagement activities, we have ensured business continuity when it matters most. Meanwhile, we are participating in private sector vaccination programmes which will enhance the safety and health of our employees greatly. Furthermore, we continue to educate and assist our employees through various talks on physical and mental health, aiding their continued well-being during these challenging times.

At the same time, we have continued to contribute to the work of our valued frontliners through cash and in-kind donations, and would like to take this opportunity to express our gratitude to the brave and dedicated medical staff and other people or organisations on the frontlines who have stepped up to help and protect the community during this unprecedented pandemic.

Read more

Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021

NURTURING OUR HUMAN RESOURCES

In FY2021, we continued to adhere to high standards of occupational safety and health, and are pleased to have achieved ISO 45001:2018 certification for two plants in FY2021, providing impetus for stronger leadership, greater worker involvement and a more robust focus on health. In addition, we continue to engage with global membership organisation SEDEX, thereby driving further enhancement of our employment practices.

We remain committed to hiring local employees wherever possible and have increased the percentage of our workforce hailing from local communities from 72% to 78% in FY2021. Furthermore, we consistently organise programmes to upskill and train our workers so that they may progress in tandem with the Group's growth.

Read more

Empowering Our People > page 70 of our Sustainability Report 2021

STEPPING UP ON SUSTAINABILITY

Sustainability has always been central to our mission at Scientex. Stepping up our sustainability efforts further, we published our first annual standalone Sustainability Report this year, detailing our enhanced approach towards sustainability that includes embedding sustainability into our well-established business processes and the introduction of a more comprehensive suite of ESG policies governing our subsidiaries and supply chains. We have also expanded our scope of support for the United Nations Sustainable Development Goals (UN SDGs) and now support a total of 12 UN SDGs.

You may learn more about our sustainability agenda and initiatives through our Sustainability Report 2021, which may be downloaded from our corporate website.

ENRICHING OUR CORPORATE GOVERNANCE

In FY2021, the Board approved various new Group-wide policies, codes of conduct and updates to existing policies to further enhance and align our governance framework with global best practices and provide strategic guidance to the Group.

A description of our various policies and codes that have been overarchingly implemented across the Group may be found on our corporate website.

We also continue to take a proactive and comprehensive approach towards maintaining a robust risk management and internal control framework that effectively identifies the potential strategic, financial, operational and compliance risks which could undermine our business operations, while further putting the necessary controls in place to mitigate such risks.

Read more

Key Risks and Mitigation > page 51
Our Corporate Governance > page 89

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, and our diverse and dedicated workforce. Their ability to rise to the challenge and keep us on track towards our objectives in the midst of such uncertain and exigent times reflects the tireless dedication and hard work put in by the team. The Board is confident that the future of the Group remains in good hands.

The Board and the Management would also like to extend its sincere gratitude to our shareholders, business partners and customers for continuing to support us over the past decades. We will continue working hard to ensure the interests of all stakeholders are duly addressed as we shape a bright and sustainable future of growth for the Group.

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

Pernyataan **Pengerusi**

PENYESUAIAN DAN KECEMERLANGAN DALAM PERSEKITARAN OPERASI YANG TIDAK PERNAH BERLAKU DAHULU

Para Pemegang Saham yang Dihormati,

Bagi pihak Lembaga Pengarah (“Lembaga”), saya dengan sukacitanya membentangkan Laporan Tahunan Bersepadu Scientex Berhad (dirujuk secara bertukar ganti sebagai “Scientex”, “Kumpulan” dan/atau “Syarikat”) bagi tahun kewangan berakhir 31 Julai 2021 (“FY2021”).

MEMAJUKAN RANGKA KERJA PELAPORAN KAMI

Untuk dua tahun berturut-turut, kami membuat laporan mengikut rangka kerja <IR> yang ditetapkan oleh Yayasan Pelaporan Nilai (*Value Reporting Foundation*), yang sebelum ini dikenali sebagai Majlis Pelaporan Bersepadu Antarabangsa (*International Integrated Reporting Council* atau IIRC), dan Lembaga Piawaian Perakaunan Kemampanan (*Sustainability Accounting Standards Board* atau SASB). Rangka kerja ini membolehkan kami menyepadukan dan menyelaraskan objektif perniagaan kami dengan perkara-perkara yang material, risiko dan peluang agar dapat menyampaikan dengan lebih baik, pendekatan kami terhadap aktiviti-aktiviti penciptaan nilai, inovasi dan perkembangan, serta mencapai objektif pertumbuhan jangka panjang kami.

Kami terus memberikan tumpuan untuk meningkatkan skop, ketelitian, ketelusan dan keberkesanan pelaporan korporat kami, dan oleh itu, dengan sukacitanya menerbitkan Laporan Kemampanan sulung kami yang lengkap pada FY2021. Laporan ini memberikan gambaran menyeluruh tentang pendekatan kami ke arah kemampanan berserta pendedahan tentang topik-topik yang penting kepada prestasi Alam Sekitar, Sosial dan Tadbir Urus (*Environmental, Social and Governance* atau ESG) operasi perniagaan kami.

Walaupun pada FY2021 Bahagian Pembungkusan dan Hartanah kami sekali lagi menghadapi cabaran yang tidak pernah berlaku dahulu disebabkan oleh ekonomi global yang lemah, rantaian bekalan yang terganggu, serta pelbagai sekatan pergerakan dan protokolnya, saya teruja melihat semua entiti perniagaan dan pasukan korporat bekerjasama dengan penuh keazaman dan kerja keras untuk mengatasi halangan ini. Saya bangga untuk melaporkan bahawa dengan usaha bersepadu ini, kami terus komited untuk mencapai visi kami, iaitu “Pemakmuran Komuniti Scientex untuk Masa Depan yang Lebih Baik” dan “Penggandaan Setiap Lima Tahun”.

HASIL YANG BERDAYA TAHAN WALAUPUN MENGHADAPI CABARAN EKONOMI GLOBAL

Hasil kami meningkat sebanyak 3.9% sejak setahun lalu, daripada RM3.5 bilion pada FY2020 kepada RM3.7 bilion pada FY2021, manakala untung bersih kami mencatatkan peningkatan ketara sebanyak 17.2% daripada RM390.1 juta pada FY2020 kepada RM457.2 juta pada tahun kewangan lalu.

Sementara itu, pendapatan sesaham meningkat 17.0% kepada 29.5 sen berbanding 25.2 sen pada tahun lepas. Kedudukan fiskal kami setakat FY2021 kekal kukuh dengan tahap penggearan bersih sebanyak 0.30 kali, dengan itu memberikan kami keupayaan kewangan untuk memudahkan perkembangan berterusan kami.

Prestasi kewangan tahun ke tahun kami yang konsisten membolehkan kami mendapat pengiktirafan antarabangsa, dan kami telah tersenarai dalam *Forbes Asia's Best Under A Billion* untuk dua tahun berturut-turut, iaitu pada tahun 2020 dan 2021.

Baca lebih lanjut

Tinjauan Kewangan > halaman 58 laporan ini

MEMBERI PULANGAN YANG BAIK KEPADA PEMEGANG SAHAM

Bagi menghargai sokongan berterusan daripada para pemegang saham kami, Syarikat juga telah menyempurnakan 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, yang dikeluarkan dan diperuntukkan masing-masing pada 14 Januari 2021 dan 15 Januari 2021.

Kumpulan mengisytiharkan dividen interim satu tingkat sebanyak 4 sen sesaham biasa pada 23 Jun 2021, yang dibayar pada 23 Julai 2021. Lembaga ingin memberikan ganjaran tambahan kepada para pemegang sahamnya dengan cadangan dividen akhir satu tingkat sebanyak 5 sen sesaham biasa untuk diluluskan dalam Mesyuarat Agung Tahunan yang akan datang.

Secara keseluruhannya, sejumlah RM139.6 juta akan dibayar sebagai dividen bagi tahun kewangan yang baru berakhir, iaitu kira-kira 30.5% daripada untung bersih Kumpulan, yang menegaskan komitmen kami untuk mengagihkan sekurangkurangnya 30% daripada untung bersih tahunan sebagai dividen pada setiap tahun.

PROSPEK PERTUMBUHAN YANG TEGUH

Di tengah-tengah cabaran berterusan yang dihadapi oleh ekonomi global akibat COVID-19, Kumpulan kekal optimistik tentang peluang pertumbuhan yang dijangka dalam kedua-dua perniagaan teras kami.

Memandangkan industri pembungkusan global terus meramalkan pertumbuhan yang kukuh, dan dengan permintaan dari rantau Asia Pasifik dijangka meningkat seiring dengan pembandaran yang lebih besar dan penekanan yang semakin meningkat terhadap kebersihan dan keselamatan, Bahagian Pembungkusan kami telah melengkapkan diri mereka dengan baik untuk menguasai bahagian pasaran yang lebih besar dalam sektor pembungkusan industri dan pengguna. Dengan berbuat demikian, kami memacu peningkatan bahagian pasaran melalui strategi yang teguh yang mengutamakan pembangunan produk inovatif bagi memenuhi keperluan pelanggan yang sentiasa berubah-ubah.

Sementara itu, Bahagian Hartanah kami meneruskan perkembangannya yang kukuh sejajar dengan 'Strategi Pembangunan Rentas Sempadan' dan telah membuka peluang menarik untuk pembangunan baharu di wilayah Selatan dan Tengah, di mana kami mempunyai kedudukan yang mantap, serta di Utara Semenanjung Malaysia, tempat kami mengembangkan jejak perniagaan kami baru-baru ini.

Melangkah ke hadapan, permintaan dalam sektor perumahan mampu milik dijangka kekal teguh kerana inisiatif kerajaan kebangsaan terus menyokong pemilikan rumah bagi segmen berpendapatan sederhana dan rendah.

Baca lebih lanjut

Penilaian Pasaran, Tinjauan dan Trend > halaman 42 laporan ini

MENGEMBANGKAN KEUPAYAAN KAMI MERENTASI KEDUA-DUA BAHAGIAN

Pada FY2021, kedua-dua bahagian kami kekal komited terhadap strategi masing-masing untuk menjamin pertumbuhan dan perkembangan dalam aktiviti perniagaan mereka.

Bahagian Pembungkusan kami terus mengukuhkan kewujudannya dalam pasaran filem regangan industri dengan menginovasi filem regangan tolok nipis (*downgauged*) serta berprestasi tinggi dan melancarkan filem regangan Nano Ultra XE 67-lapis terbaharunya pada FY2021. Kami juga terus menginovasi filem asas yang membolehkan struktur pembungkusan plastik boleh ubah pelbagai lapisan tidak boleh dikitar semula yang sedia ada digantikan dengan struktur yang boleh dikitar semula sepenuhnya.

Menyedari bahawa teknologi canggih akan memberikan asas yang unggul untuk pertumbuhan dan perkembangan dalam bahagian ini, kami akan terus membuat pelaburan yang wajar dalam jentera, teknologi dan automasi canggih yang akan membolehkan kami mencapai objektif inovasi dan kemampanan.

Dalam hal ini, saya menggesa tuan-tuan dan puan-puan membaca dengan teliti Laporan Kemampanan 2021 kami untuk mengetahui cara inovasi produk dan proses inovasi kami memberikan banyak hasil kemampanan positif, termasuk membantu penggunaan tenaga dan bahan mentah yang optimum, serta mengurangkan pelepasan dan sisa yang kami hasilkan.

Di Bahagian Hartanah kami, 3,766 rumah mampu milik yang kami bina pada tahun ini menjadikan jumlah rumah mampu milik kami yang dibina setakat ini sebanyak 25,297 dan meletakkan kami di trajektori yang betul untuk mencapai matlamat kami untuk menyiapkan 50,000 rumah mampu milik menjelang 2028. Oleh yang demikian, kami juga telah menaikkan sasaran 'Penggandaan' FY2023 daripada 6,000 kepada 8,000 rumah setahun.

Semasa FY2021, kami memperoleh enam bidang tanah seluas 1,944 ekar pada harga RM547.5 juta, dan komited untuk memperoleh empat bidang tanah lagi seluas 1,527 ekar dengan harga RM966.9 juta. Pemerolehan terbaharu kami akan mengukuhkan lagi kewujudan kami di seluruh Semenanjung Malaysia, menyediakan rumah yang berkualiti dan mampu milik kepada lebih ramai rakyat Malaysia.

Baca lebih lanjut

Tinjauan Operasi > halaman 63 laporan ini

MELINDUNGI PERKARA YANG PALING PENTING

Memandangkan pandemik COVID-19 terus mempengaruhi operasi perniagaan, Pasukan Petugas COVID-19 kami telah bekerja keras untuk mewujudkan dan menghalusi prosedur operasi standard (*Standard Operating Procedures atau SOP*) yang berkesan, memudahkan komunikasi yang berterusan dan mendidik tenaga kerja kami, serta membantu tenaga kerja kami mendapatkan ujian dan vaksinasi yang diperlukan.

Melalui SOP kami dan dengan peralihan pantas kepada penggunaan teknologi dalam talian dan digital untuk mesyuarat, latihan, seminar dan aktiviti pelibatan kakitangan, kami telah memastikan pengekalan perkara yang paling penting, iaitu kesinambungan perniagaan. Sementara itu, kami mengambil bahagian dalam program vaksinasi sektor swasta yang akan meningkatkan keselamatan dan kesihatan pekerja kami. Selain itu, kami terus mendidik dan membantu kakitangan kami melalui pelbagai ceramah tentang kesihatan fizikal dan mental, membantu kesejahteraan mereka yang berterusan

Pernyataan Pengerusi

dalam masa yang mencabar ini.

Pada masa yang sama, kami terus menyumbang kepada kerja barisan hadapan kita yang dihargai melalui sumbangan wang tunai dan barangan, dan kami ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada kakitangan perubatan yang berani dan berdedikasi serta orang atau organisasi lain di barisan hadapan yang bersama-sama membantu dan melindungi masyarakat semasa pandemik yang tidak pernah berlaku sebelum ini.

Baca lebih lanjut

Rangka Kerja Perlindungan COVID-19 Kami > halaman 80 Laporan Kemampanan 2021 kami

MEMBANGUNKAN SUMBER MANUSIA

Pada FY2021, kami terus mematuhi piawaian keselamatan dan kesihatan pekerjaan yang tinggi, dan berpuas hati kerana memperoleh pensijilan ISO 45001:2018 untuk dua kilang pada FY2021, yang memberikan dorongan untuk kepimpinan yang lebih kuat, pelibatan pekerja yang lebih besar dan tumpuan yang lebih berkesan terhadap kesihatan. Selain itu, kami terus melibatkan diri dengan organisasi keahlian global SEDEX, yang mendorong peningkatan amalan pekerjaan kami.

Kami kekal komited untuk, seboleh yang mungkin, mengambil pekerja tempatan dan telah meningkatkan peratusan tenaga kerja kami dalam kalangan masyarakat tempatan daripada 72% kepada 78% pada FY2021. Selain itu, kami secara konsisten menganjurkan beberapa program untuk meningkatkan kemahiran dan melatih pekerja kami supaya mereka maju seiring dengan pertumbuhan syarikat.

Baca lebih lanjut

Memperkasakan Warga Kami > halaman 70 Laporan Kemampanan 2021 kami

MENINGKATKAN KEMAMPANAN

Kemampanan selalu menjadi keutamaan misi kami di Scientex. Bagi meningkatkan lagi usaha kemampanan kami, maka Laporan Kemampanan sulung kami yang lengkap diterbitkan pada tahun ini dengan memperincikan pendekatan dipertingkatkan kami ke arah kemampanan yang merangkumi pemasukan kemampanan dalam proses perniagaan kami yang teguh dan pengenalan dasar ESG yang lebih menyeluruh, yang mengawal anak syarikat dan rantaian bekalan kami. Kami juga telah memperluas skop sokongan kami untuk Matlamat Pembangunan Mampan Pertubuhan Bangsa-Bangsa Bersatu (*United Nations Sustainable Development Goals* atau UN SDGs) dan kini menyokong sejumlah 12 UN SDGs.

Anda boleh mengetahui lebih lanjut tentang agenda dan inisiatif kemampanan kami melalui Laporan Kemampanan 2021 kami, yang boleh dimuat turun daripada laman web korporat kami.

MEMPERKAYA TADBIR URUS KORPORAT KAMI

Pada FY2021, Lembaga telah meluluskan pelbagai dasar keseluruhan Kumpulan yang baharu, tatakelakuan dan kemas kini kepada dasar sedia ada untuk meningkatkan dan menyelaraskan rangka kerja tadbir urus kami dengan amalan terbaik global dan memberikan panduan strategik kepada Kumpulan.

Perihalan tentang pelbagai dasar dan kod kami yang telah dilaksanakan secara menyeluruh melangkaui Kumpulan boleh didapati di laman web korporat kami.

Kami juga berterusan mengambil pendekatan proaktif dan menyeluruh bagi mengekalkan rangka kerja pengurusan risiko dan kawalan dalaman yang mantap serta berkesan dalam mengenal pasti risiko strategik, kewangan, operasi dan pematuhan yang mungkin timbul sehingga boleh menjejaskan operasi perniagaan kami, di samping terus melaksanakan kawalan yang diperlukan bagi mengurangkan risiko tersebut.

Ketahui lebih lanjut

Risiko Utama dan Pengurangan > halaman 51 laporan ini
Tadbir Urus Korporat Kami > halaman 89 laporan ini

PENGHARGAAN

Bagi pihak Lembaga, saya ingin menyampaikan ucapan terima kasih yang tidak terhingga kepada Pengurusan yang diterajui oleh Encik Lim Peng Jin selaku Pengarah Urusan/Ketua Pegawai Eksekutif, semua ahli Jawatankuasa Eksekutif, serta tenaga kerja kami yang berbeza-beza dan berdedikasi. Kemampuan mereka mengharungi cabaran dan memastikan kami berada di landasan yang betul ke arah objektif kami dalam keadaan yang tidak menentu dan mendesak ini menunjukkan dedikasi dan kerja keras pasukan yang tidak mengenal penat. Lembaga yakin masa depan Kumpulan akan terus berada di bawah pengurusan yang baik.

Lembaga dan Pengurusan juga ingin mengucapkan terima kasih kepada para pemegang saham, rakan kongsi perniagaan dan pelanggan kami atas sokongan yang berterusan kepada kami sepanjang beberapa dekad yang lalu. Kami akan terus berusaha memastikan kepentingan semua pihak berkepentingan diberikan perhatian sewajarnya pada masa kami membentuk haluan pertumbuhan Kumpulan yang cerah dan mampan.

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

主席报告书

于前所未有的挑战中突颖而出

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2021年7月31日财政年的综合年度报告。

加强我们的报告框架

这是我们第二年依循价值报告基金会（The Value Reporting Foundation）（前身为国际综合报告委员会或IIRC）以及永续会计准则委员会（Sustainability Accounting Standards Board – SASB）指定的整合性报导框架（The <IR> Framework），来提呈年度报告。此框架有助于我们将业务目标跟重大事项、各类风险与机会整合对接，更好地传达我们价值创造、创新和扩张活动的方案，并实现我们的长期增长目标。

我们将继续专注于改善企业报告的范围、详尽性、透明度和有效性。因此，森德非常欣喜地于2021财政年，发布我们的首份独立永续发展报告。这份报告全面介绍我们实现永续发展的方案，与此同时，也公布对森德业务运营的环境、社会和公司治理(ESG) 绩效有着重要意义的相关课题。

尽管全球经济疲软、供应链受阻以及多次行动管制令与其条约，导致集团的包装和产业业务在2021财政年再次面临前所未有的挑战。但是，令我感到鼓舞的是，所有业务个体与企业团队，都以坚定的决心，齐心协力，致力克服这些障碍。我很自豪地跟大家报告，通过这些共同努力，森德公司依然朝着“建设更美好的森德社区”，“每五年翻倍”的宏愿前进。

全球经济备受挑战期间保有稳健业务表现

森德2021财政年的营业额取得了3.9%的年度增长，从2020财政年的35亿令吉，增加至37亿令吉。净盈利也显著的上涨17.2%，从上财政年的的3亿9010万令吉，增长至4亿5723万令吉。

每股盈利增长17.0%，至29.5仙，去年同期是25.2仙。森德截止2021财政年的财政状况依然强稳，净负债比率为0.30。这比率为集团提供了持续扩展的财务能力。

公司持续稳健的年度财务表现，为森德带来了国际的认可，我们非常荣幸连续两年（2020及2021年）被列入福布斯亚洲最佳10亿美元公司的一员。

请翻阅本报告书 > 第 58页的“财务审核评估”

以稳健的股息回馈股东

为了感谢股东们的持续支持，森德分别于2021年1月14日和2021年1月15日，完成了以1送2派发红股，以及5配1赠送凭单的计划，奖励现有股东。

集团在在2021年6月23日，宣布派发每股4仙的中期单层股息。有关股息已在2021年7月23日派发给股东。董事部建议再派发每股5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2021财政年的股息派发总额，达到约1亿3960万令吉，相等于集团约30.5%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。

稳健的增长前景

在全球经济面临新冠肺炎疫情的持续挑战下，集团对旗下两大核心业务的潜在增长机会保持谨慎乐观。

在全球包装行业维持强劲增长的预测，加上亚太地区的需求，预计将随着城市化进程与人们对卫生和安全的日益重视而有所增加，我们的包装业务已做好充分准备，于工业和消费品包装领域，囊括更大的市场份额。在此过程中，我们通过优先开发创新产品的稳健策略，来满足客户各方面的需求，推高市场份额。

与此同时，产业业务凭据“跨区域发展策略”，得以继续强稳扩展。森德不仅在已占有市场份额的南部和中部区域继续开发新项目，也在近年来进军的半岛北部房地产领域，开展业务。

展望未来，政府持续为中低收入群体推广居者有其屋的各种举措，能让可负担房产领域的需求，保持强劲。

请翻阅本报告书 > 第42页的“市场评估，前景和趋势”

扩展我们两大业务的能力

森德的两大业务部门仍然在2021财年致力于通过各自的策略，确保各项业务取得增长与扩充。我们的包装业务继续通过创新高性能减薄拉伸膜，在工业拉伸膜市场中，占据一席之地。森德于2021财政年推出了全新的纳米超薄XE 67层拉伸膜（Nano Ultra XE 67-layer stretch film）。我们也不断创新基本薄膜，使现有的不可回收多层弹性塑料包装结构，能够被可全面回收的结构所取代。

集团意识到尖端技术将为包装业务提供理想的业务增长和扩张基础，因此，公司将继续适当地投资先进机械、技术

主席报告书

和自动化程序，以便达致我们创新和可永续发展的目标。

在此，我恳请股东详细阅读我们的《2021年永续发展报告》，以了解我们的产品和流程创新如何带来众多正面的可永续发展成果。这其中包括了优化能源和原材料的使用，以及减少制造流程中所产生的污染排放与废料。

产业业务方面，我们今年建设了3,766间可负担房屋。整体而言，森德迄今建造了总数 25,297间的可负担房屋，让我们进一步迈向实现2028年完成50,000间可负担房屋的目标。相应地，我们也提高了2023财政年的 “翻倍”目标，从每年建设6,000间，提升到8,000间。

森德公司在2021财政年，以5亿4754万令吉，收购了6片总面积为1,944英亩的土地，并承诺以9亿6690万令吉，收购另外四片总面积为1,527英亩的土地。我们最新的收购将进一步加强我们在马来西亚半岛的立足点，为更多马来西亚人提供优质与可负担的房屋。

请翻阅本报告书 > 第63页的“营运评估”

安全保障最重要

在新冠肺炎疫情继续影响业务运营的当儿，我们的新冠肺炎工作团队孜孜不倦地努力建立和完善有效的标准作业程序（SOPs），促进我们与员工的持续沟通和教育，并让我们的员工接受必要的检测和疫苗接种。

通过我们的标准作业程序，以及快速转移和启动在线与数码科技来进行会议、培训、研讨会和员工参与的各项活动，让我们在关键时刻，确保业务的持续性。另一方面，我们也参与私人领域的疫苗接种计划，这将大大提高我们员工的健康和安全。此外，我们继续通过各种有关身心健康的讲座，教育和帮助我们的员工在这充满挑战的时期，继续保持身心安稳。

与此同时，森德继续通过现金和物资捐助，为我们敬重的前线人员做出贡献。我们也借此机会向站在前线，勇敢而敬业的医务人员、个人或组织表达敬意。谢谢他们在这场前所未有的疫情期间挺身而出，帮助和保护社区。

请翻阅《2021 年永续发展报告》> 第80页的“我们的新冠肺炎疫情防护框架”

培养我们的人力资源

集团在2021财政年继续坚守高标职业健康和安全，值得高兴的是，森德有两家工厂于2021财政年荣获ISO45001:2018认证，为集团提供了加强领导、提高员工参与度与更关注健康的动力。此外，我们继续与全球性的会员组织，SEDEX合作，从而进一步地推动我们的就业实践。

集团仍然致力于尽可能雇用本地员工，并将其员工比例，从之前的72%增加到2021财政年的78%。此外，我们也不断主办课程来培训我们的员工，提高员工技能，让他们能与公司的发展同步迈进。

请翻阅《2021 年永续发展报告》> 第70页的“赋予员工权力”

强化永续性

永续发展一直是森德公司使命的核心。为了进一步加强永续发展工作，我们今年即发布了首份年度独立永续发展报告。这份报告详细介绍我们加强永续发展的方针，包括将永续发展纳入我们完善的业务流程，并引入一套更全面的环境、社会及公司治理（ESG）政策来管理我们的子公司和供应链。 我们还扩大了对联合国可持续发展目标 (UN SDGs) 的覆盖范围。至今总共概括了当中的12个目标。

各位股东可以通过我们的《2021年永续发展报告》了解更多有关森德的永续发展议程和举措。该报告可从公司网站下载。

优化我们的企业监管

2021财政年，董事会批准了多项涉及整个集团范围的新政策和行为准则，并且更新现有的政策，以进一步加强我们的企业监管框架，使其与全球最佳实践准则一致，为集团提供策略性引导。

各位股东可以通过公司网站，阅读集团整体全面性实施的各种政策和准则的说明。

我们还继续采取积极和全面的方案，维持稳健的风险管理和内部监督架构，以有效地识别可能妨害我们业务运营的潜在策略、财务、运营和合规风险。与此同时，也进一步采取必要的控管措施，来减低此类风险。

请翻阅本报告书 > 第51页的“主要风险和减低风险”，以及第89页的“我们的企业监管”

感谢篇

我谨代表董事部，深切感谢由董事经理/首席执行员，林炳仁先生带领的管理层、执行委员、以及我们多元和敬业的员工。尽管面临严峻的挑战，他们依然可以突破重围，继续朝着我们的目标前进，这反映了团队坚持不懈，甘于奉献和辛勤付出的精神。 董事会坚信，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。

董事局和管理层也至诚感谢我们的股东、生意伙伴与客户，感谢他们数十年来，坚定不移的支持。在集团努力走在阳光大道，永续成长的同时，董事部和管理层会继续致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

Board of **Directors**

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

Chairman and Non-Independent Non-Executive Director

MALAYSIAN | AGE 82 | MALE

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim 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.

He 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 2021.

LIM PENG JIN

Managing Director/Chief Executive Officer

MALAYSIAN | AGE 54 | MALE

Lim Peng Jin is currently the Managing Director/ Chief Executive Officer (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.

He 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 as Management Consultant. 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 Scientex Berhad Group of Companies involving packaging, property, polymer and chemicals industries for the past 30 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 2021.

Board of Directors

LIM PENG CHEONG

Non-independent Non-Executive Director

MALAYSIAN | **AGE 59** | **MALE**

Lim Peng Cheong 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 was the Managing Director of Malacca Securities Sdn Bhd and was re-designated as Executive Chairman on 1 August 2021.

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 2021.

WONG CHIN MUN

Senior Independent Non-Executive Director

MALAYSIAN | **AGE 77** | **MALE**

Wong Chin Mun is a Senior 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.

He 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 an associate member of the Malaysian Institute of Accountants.

He 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 2021.

Dato' Noorizah Binti Hj Abd Hamid

Independent Non-Executive Director

MALAYSIAN	AGE 61	FEMALE

Dato' Noorizah Binti Hj Abd Hamid 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.

She 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.

She 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 and Mass Rapid Transit System Sdn Bhd, which are the direct and indirect wholly-owned subsidiaries of Minister of Finance Incorporated Malaysia, PNB Merdeka Venture Sdn Bhd, UKM Holdings 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 2021.

ANG KIM SWEE

Independent Non-Executive Director

MALAYSIAN	AGE 63	MALE

Ang Kim Swee is an Independent Non-Executive Director of the Company. 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.

He 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 2021.

Key **Management**

Our key management consists of Mr Lim Peng Jin, Managing Director/Chief Executive Officer of Scientex Berhad, and the following persons:

CHOO SENG HONG

Chief Operating Officer - Packaging

MALAYSIAN | AGE 53 | MALE

Choo Seng Hong 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 Division on 1 March 2003 and presently, is the Chief Operating Officer 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 2021.

DATUK ALEX KHAW GIET THYE

Chief Operating Officer - Property

MALAYSIAN | AGE 53 | MALE

Datuk Alex Khaw Giet Thye joined Scientex's Property Division 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, to Executive Director of Scientex's Property Division on 1 August 2013. Presently, he is the Chief Operating Officer of the Property Division. 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 2021.

KOAY TEIK CHUAN

Executive Director - Property

MALAYSIAN | AGE 61 | MALE

Koay Teik Chuan 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 of Scientex's Property Division 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 2021.

Key Management

JESSELYN CHANG SIEW SIAN

Executive Director - Corporate Planning

MALAYSIAN | AGE 49 | FEMALE

Jesselyn Chang Siew Sian 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 2021.

GAN KOK KHYE

Executive Director - Packaging

MALAYSIAN | AGE 59 | MALE

Gan Kok Khye 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 Division in 2002. For a period from 2016 to 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 2021.

GOH TIAN CHIN

Executive Director - Packaging

MALAYSIAN | AGE 56 | MALE

Goh Tian Chin 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 2021.

Key Management

JACKY PHANG YUEN KHANG

Sales and Marketing Director - Property

MALAYSIAN	AGE 40	MALE

Jacky Phang Yuen Khang joined Scientex's Property Division in 2010 as Sales and Marketing Manager. He was promoted to Sales and Marketing General Manager in August 2017 and subsequently, to Sales and 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 2021.

TAN HONG KOON

General Manager - Corporate Planning

MALAYSIAN	AGE 43	FEMALE

Tan Hong Koon 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 and Finance. She is a member of the Chartered Accountants of Australia and New Zealand. She joined Scientex Berhad as an accountant in 2003 and was appointed as Senior Financial Manager in January 2009. She has been 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 2021.

PHANG CHI MING

Legal and Corporate Affairs Manager

MALAYSIAN	AGE 56	MALE

Phang Chi Ming 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 experiences 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 2021.

Our Value Creation Story

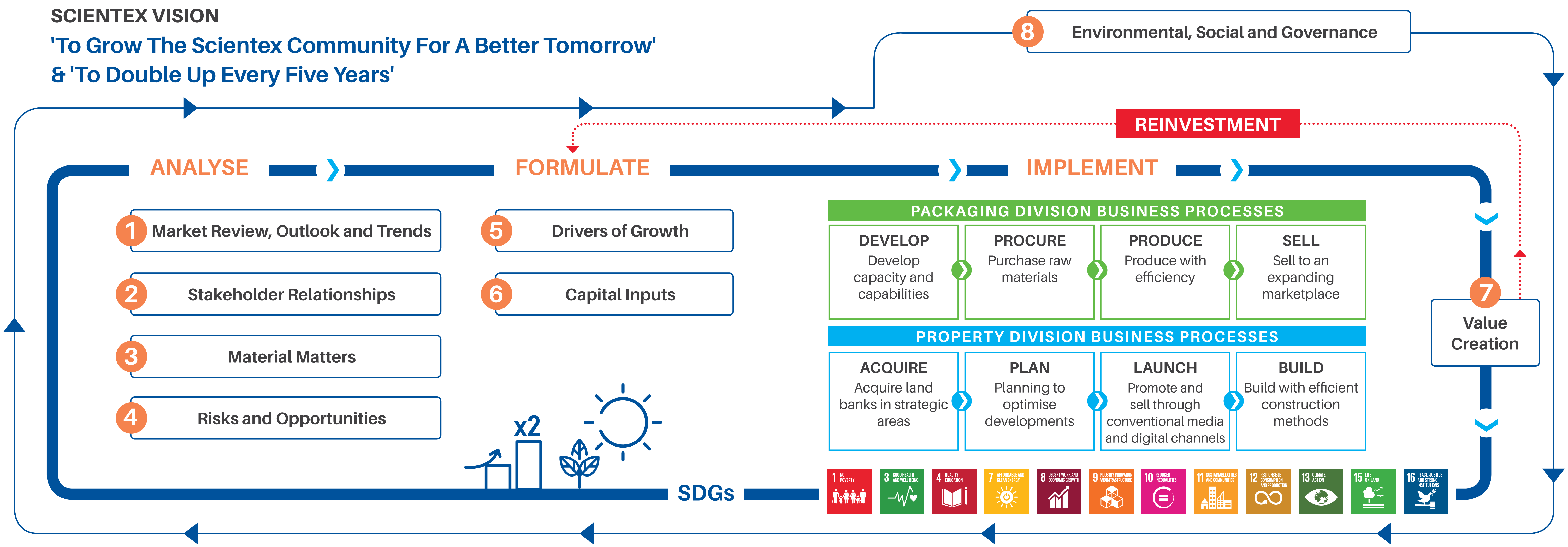
Our integrated approach to value creation drives us towards outcomes that fulfil our vision and generate sustainable value for our stakeholders.

This systematic yet flexible approach starts with detailed consideration of trends in the broader market environment. Through cross-analysis with the needs of our stakeholders, our material matters and the risks and opportunities that we identify, we are able to prioritise areas for improvement, which in turn guide the formulation of business strategies.

Taking our capital resources into consideration, our business strategies are crafted not only to meet the immediate needs of our business but to support ongoing developments across our three Drivers of Growth, which have been identified as long-term determinants of business strength and resilience. Our strategies are then implemented through our established business processes in both the Packaging Division and the Property Division, creating long-term value and serving our vision **'To Grow The Scientex Community For A Better Tomorrow'** and **'To Double Up Every Five Years'**.

The entire process of value creation is guided by Environmental, Social and Governance (ESG) factors and referenced to the UN SDGs, reflecting the imperative of generating shared value for our stakeholders, communities and the natural environment. For a more detailed disclosure of how we have integrated sustainability within our business processes and internal structures, please peruse our Sustainability Report 2021.

Our **Value Creation Story**



1 Market Review, Outlook and Trends page 42

We analyse the global, local and industry-specific environment, and megatrends, to determine the external forces that may have an impact on our ability to create value over the short, medium and long-term.

2 Stakeholder Relationships page 39

Through ongoing engagement, we identify what value means to our key stakeholders in broader and issue-specific contexts.

Customers | Suppliers | Investors and Shareholders | Employees | Government and Regulators | Local Communities

3 Material Matters page 46

Our material matters are topics which influence our ability to retain our competitiveness and reputation within the markets we operate, and ultimately our ability to create value. We have identified seven material matters, each of which guide our strategic and management approaches.

Product Innovation | Product Reliability | Talent Attraction and Retention | Expansion | Community Impact and Development | Employee Safety and Health | Governance and Compliance

4 Risks and Opportunities page 51

Through the ongoing analysis of external forces, stakeholder interests and our material matters, we derive a list of risks, mitigation plans and any arising opportunities.

5 Drivers of Growth page 38

Our Drivers of Growth are three key factors which we have identified as central to our long-term value creation journey. They encapsulate the paramount importance we place on developing better products and solutions, and continually producing these products and solutions more efficiently and at greater capacity.

Capacity | Efficiency | Product Value

6 Capital Inputs page 36

Expressed through the Six Capitals, which are based on the <IR> Framework, our inputs are the resources we use to generate value. Through the processes contained in our business model, these inputs enable the generation of outputs and outcomes in the short, medium and long-term.

Financial Capital | Manufactured Capital | Intellectual Capital | Human Capital | Social and Relationship Capital | Natural Capital

7 Value Creation page 36

The value we create is reflected in the sustainable outcomes we generate within the Scientex Community and beyond. They are the result of consistent reinvestment to our capitals, which forms the basis for our Drivers of Growth and enables the efficient deployment of our resources in line with our business strategies.

8 Environmental, Social and Governance

read our Sustainability Report 2021 to learn more

Beyond the aspect of compliance, sustainability is embedded into each stage of our value creation process and each of our business processes, generating shared value for our stakeholders, communities and planet.

Our **Value Creation Business Model**

INPUTS

Financial Capital
- Consistently strong net operating cash flow
- Net gearing ratio of 0.30 times
- Total shareholders' equity of RM2.9 billion
- Access to debt and capital markets

Manufactured Capital
- 5,668 acres of competitively priced land banks
- 30 property developments across Peninsular Malaysia
- 17 manufacturing plants globally with state-of-the-art machinery

Intellectual Capital
- A track record of more than 50 years with established product brand value, reputation and market experience
- Ingrained systematic processes and procedures

Human Capital
- 3,600 employees around the world
- Experienced Board with diversified industry and corporate knowledge
- Leadership with industry-specific expertise spearheaded by the EXCO

Social & Relationship Capital
- Strong and effective relationships with key stakeholders
- Group-wide policies governing sustainable business practices across our supply chain

Natural Capital
- Raw materials used in our packaging and property development activities
- Direct energy consumption

VISION

TO GROW THE SCIENTEX COMMUNITY FOR A BETTER TOMORROW
TO DOUBLE UP EVERY FIVE YEARS

DRIVERS OF GROWTH

CAPACITY	EFFICIENCY	PRODUCT VALUE
Increasing production capacity and sales volume	Improving production and construction efficiencies	Enhancing the value of our products to our customers

BUSINESS PROCESSES

PACKAGING

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

PROPERTY

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

MATERIAL MATTERS	RISKS
PRODUCT INNOVATION	ENVIRONMENTAL ISSUES
PRODUCT RELIABILITY	COVID-19 PANDEMIC
TALENT ATTRACTION & RETENTION	AVAILABILITY OF HUMAN WORKFORCE & AUTOMATION
EXPANSION	CYBERSECURITY
COMMUNITY IMPACT & DEVELOPMENT	COST & SUPPLY OF RAW MATERIALS
EMPLOYEE SAFETY & HEALTH	EMPLOYEE & CONTRACTOR SAFETY & HEALTH
GOVERNANCE & COMPLIANCE	FOREIGN CURRENCY EXCHANGE RATE FLUCTUATION
	COMPLIANCE

OUTPUTS

Financial Capital
- Revenue of RM3.7 billion
- Net profit of RM457.2 million
- Net operating cash flow of RM699.6 million
- Earnings per share of 29.5 sen
- Total dividend payout of 9 sen per share *(includes proposed dividend for shareholders' approval)*

Manufactured Capital
- 280,660 MT of packaging products sold
- 17 new extrusion and converting machines commissioned
- 1,944 acres of land banks acquired
- 3,766 units of affordable homes completed

Intellectual Capital
- 36 packaging innovations commercialised
- 2 consecutive years of Forbes Asia's Best Under A Billion companies
- 2 new ISO 45001:2018 certifications obtained

Human Capital
- 78% of our total workforce is recruited from local communities
- 13,654 total training hours
- RM277.0 million for directors and employees' remuneration and benefits

Social & Relationship Capital
- Continued expansion in awareness of environmentally sustainable practices amongst our stakeholders
- Sustainable partnerships with customers and suppliers to co-create products and solutions
- RM116.8 million contributed in income taxes

Natural Capital
- 6.9% of recycled resin used in manufacturing activities
- 1 new ISCC Plus certification obtained
- Total GHG emissions intensity reduction of 11.7%
- 12.7% reduction in plastic waste generated by the Packaging Division

OUTCOMES

Customers
- Strong collaborative relationships with customers to fulfill their packaging requirements and sustainability goals
- Continual expansion of our footprint in affordable housing across the South to North of Peninsular Malaysia, driving greater outreach to middle-to-lower-income home buyers

Suppliers
- Consistent growth in our supplier base with our focus on supporting the local business ecosystem
- Ongoing supplier collaboration driving investment in new innovations
- Promotion of social and environmental responsibilities within our supply chain

Investors & Shareholders
- Consistently in healthy financial position
- Consistent value creation through sustained capital appreciation and dividend payouts

Employees
- Attraction and retention of a skilled and competent workforce with:
  - Effective rewards system and career progression plans
  - Effective employee training programmes
  - High standards in safety and health

Governments & Regulators
- Continued contribution to the Malaysian economy through exports and income taxes paid
- Continued support of government policy through the development of affordable homes
- A strong corporate governance framework

Local Communities
- Sustained employment opportunities provided to local communities
- Reduced environmental footprint through our business strategies and processes
- Mitigation of environmental and socioeconomic risks at our property development sites via impact assessments
- Joint Malaysian Plastic Manufacturers Association (MPMA) and internal initiatives that promote environmental awareness
- Serving of community needs through the development of infrastructure

UN SDGs

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our **Drivers of Growth**

Through our years of experience in the packaging and property sectors, we have identified three core factors that impact our ability to continually expand our presence while retaining our competitive advantages. Termed our Drivers of Growth, they provide a reference point for the whole organisation, energising our ongoing quest to offer better products at greater scale and efficiency, and in turn achieve our vision as a Group.

CAPACITY

AIM **Increasing production capacity and sales volume**

- Strategic investments in development land banks, and mergers and acquisitions
- Strategic investments in new machinery with enhanced technology and production capacities
- Advanced production and construction methods that unlock additional capacity
- Divestment of non-performing assets, and reinvestment into high growth areas

EFFICIENCY

AIM **Improving production and construction efficiencies**

- Advanced production technologies and approaches including automation (Packaging Division) and IBS construction technique (Property Division)
- Process innovations that improve time- and cost-efficiency in production
- Standardisation of processes for increased efficiency
- Centralised purchasing of raw materials for greater economies of scale
- Efficient factory layouts and effective production planning
- Sustainable production and construction methods that reduce waste and raw material usage, improve occupational safety and health standards, and enhance energy efficiency
- Adoption of customised Enterprise Resource Planning (ERP) systems

PRODUCT VALUE

AIM **Enhancing the value of our products to our customers**

- Continual monitoring of consumer and market trends to drive product innovation
- Ongoing collaboration with customers in the Packaging Division to develop customised packaging solutions
- Rigorous product testing methodologies, supported by our state-of-the-art technical centres, enabling rapid prototyping and testing
- Continued process innovation to develop value added and sustainable products and solutions
- Adoption of digital marketing for sales, customer outreach, lead generation and conversion
- Continual focus on our 'Speed, Cost, Quality' trifecta of benefits in our Property Division
- Continued expansion of our affordable home footprint with a goal of completing 50,000 affordable homes by 2028

Key **Stakeholder Engagement**

Stakeholder engagement is an essential component of the value creation process. Through regular and constructive engagements, we develop a deeper understanding of our stakeholders' needs, enabling us to develop sustainable business strategies and deliver products and solutions that create shared value.

Stakeholders	Why We Engage	How We Engage	How We Address Their Expectations
Customers	Meeting the needs of customers is our primary focus across our Packaging Division and Property Division. By understanding evolving customer needs and market trends, we are best placed to invest in product innovation and, in turn, drive greater product value. Ultimately, this enhances our sustainability as a business.	• Customer feedback channels • Social media channels • The Scientex corporate website • Marketing and promotional events • Customer service offices • Regular meetings and plant visits • Collaboration in product development (Packaging Division) • Product brochures	Packaging Division • Collaborating with our customers to develop new and innovative products based on their specific needs, which include greater sustainability and recyclability, improved physical performance, enhanced shelf life, and improved performance in terms of protection, hygiene, safety and convenience • Effective and ongoing communication between customers and our technical and sales personnel Read more ➤ *Operational Review – Packaging Division > page 63* ➤ *Product Innovation > page 35 of our Sustainability Report 2021* Property Division • Continuous efforts to drive down cost of construction • Advertising our latest launches, events and promotions via traditional media and digital marketing channels Read more ➤ *Operational Review – Property Division > page 71* ➤ *Providing Affordable Housing > page 32 of our Sustainability Report 2021*
Suppliers	Our suppliers play a crucial role in ensuring the stable supply of raw materials, while also functioning as a gateway to innovative technology and more efficient processes. In addition, we engage with the objective of encouraging the adoption of sustainable and ethical business practices across our supply chain.	• Regular supplier meetings and progress updates • Site visits • Exhibitions and trade fairs • Technical seminars • Our Code of Conduct for Suppliers and ongoing evaluations	Raw material and machinery suppliers • Proactive and regular supplier meetings to enable effective inventory planning and cost efficiency • Periodic communication with suppliers for better understanding of requirements, technical specifications and new technologies • Periodic performance reviews to ensure timely delivery and consistent quality of goods and services Sub-contractors and construction material suppliers • Regular meetings to discuss schedule of construction and exchange information on material demand forecasts • Periodic performance reviews to enhance quality of goods and services delivered

Key Stakeholder Engagement

Stakeholders	Why We Engage	How We Engage	How We Address Their Expectations
Investors and Shareholders	Our investors and shareholders provide the capital base for our continued expansion. Through transparent engagements, we aim to engender increased trust in our business strategies, while keeping our investors abreast of our continual efforts to enhance our corporate governance and sustainability practices.	• Annual General Meetings (AGM) • Investor relations engagements • The Scientex Integrated Annual Report and Sustainability Report • The Scientex corporate website • Announcements on Bursa Malaysia	• Adopting integrated reporting for communication of our company goals, strategic direction, sustainability efforts and governance policies in a connected manner, with a focus on long-term value creation • Engaging an external investor relations team and an in-house investor relations team to manage communication with shareholders and investors • Delivering consistent capital appreciation and sustained, strong dividend payouts • Stepping up our sustainability efforts, and communicating outcomes regularly
Employees	By listening to and understanding the needs of our employees, we are better placed to retain and reward talent, and build a workforce with an intimate knowledge of the industries in which we operate. This enhances our ability to drive innovation along the lines of our Drivers of Growth. In addition, our employees hold deep knowledge of our business processes and their effectiveness. Our engagements enable this knowledge to be passed on to management level, facilitating the refinement of our strategies over time.	• Quarterly Rolling Budget (QRB) dialogues • Employee appraisals • Employee engagement events • Internal bulletins • Progress update meetings • Monthly management meetings	• Communicating company goals and targets through: - Monthly management meetings - Half-yearly QRB dialogues - Monthly EXCO meetings • Maintaining regular communication through corporate and event videos, notice boards, bulletins and online portals • Aligning our employee reward system with our company goals through performance incentives and our share grant plan • Curating effective employee training modules and programmes for continuous professional development • Providing a safe and healthy work environment that meets high standards in occupational safety and health, with heightened measures in light of COVID-19 Read more ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Empowering Our People > page 70 of our Sustainability Report 2021* ➤ *Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021*

Stakeholders	Why We Engage	How We Engage	How We Address Their Expectations
Governments and Regulators	By engaging with governmental and regulatory authorities, we are better placed to drive compliance and formulate strategies that serve our business objectives. Aside from compliance, we seek to support government objectives in our Property Division to deliver affordable homes to a wider cross-section of the Malaysian population.	• Regular meetings and consultations • Seminars, training sessions, dialogues and forums (organised by regulatory bodies) • On-site inspections and audits	• Building affordable homes that support community needs and the Malaysian Government's housing agenda • Supporting the sustainability agenda of governments through product innovations • Consistently staying abreast of legal and regulatory changes through an internal team and the engagement of external advisors • Contributing to the Malaysian economy through foreign currency receipts from exports, and income taxes Read more *Responsible Business Conduct and Governance > page 28 of our Sustainability Report 2021* *Economic Value Contributed > page 41 of our Sustainability Report 2021*
Local Communities	Members of local communities are the end consumers of our packaging and property products and services. In addition, they form the majority of our workforce across both divisions. By engaging with members of local communities, we enhance our understanding of their needs, guiding ongoing improvement in product development, employment practices and sustainabillity initiatives.	• Social media channels • The Scientex corporate website • Customer service offices (Property Division) • Community events • Dialogue sessions	• Allocating funds for activities, including school-based programmes, that promote the values and practices of sustainable living • Aiding the fight against COVID-19 at the community level by donating to frontliners • Providing sustained employment and career advancement opportunities to members of local communities • Expanding our affordable housing footprint throughout Peninsular Malaysia to reach a wider cross-section of middle-to-lower-income Malaysians • Developing holistic townships that provide a wider range of services, commercial zones to catalyse job creation and improved connectivity to larger population hubs, thus enhancing community resilience and improving quality of life • Mitigating environmental and socioeconomic risks at certain property development sites through environmental and social impact assessments Read more *Providing Affordable Housing > page 32 of our Sustainability Report 2021* *Empowering Our People > page 70 of our Sustainability Report 2021* *Contributing to Local Communities > page 75 of our Sustainability Report 2021*

Market Review, Outlook and Trends > **Packaging**

EQUIPPED TO MEET ROBUST DEMAND AND CAPTURE GREATER MARKET SHARE

- Packaging sector demand remains resilient despite COVID-19 economic uncertainties
- Global stretch film market expected to expand to US$6.29 billion by end of 2027[1]
- Fast Moving Consumer Goods (FMCG) packaging market expected to grow amidst global shift to on-the-go Food and Beverages (F&B), home deliveries and higher product safety and hygiene standards
- Sustainable and recyclable packaging considerations remain high for stakeholders and presents strong expansion opportunities through innovation
- Our Packaging Division will leverage on research and development innovations, supply chain integration and existing expansion capacity to chart growth for FY2022-2023

STRETCH FILM MARKET REMAINS STABLE AND GROWING

While economic and operational uncertainties due to COVID-19 continue to impact a majority of industry sectors, demand for packaging products has remained, and is forecasted to remain, relatively steady on an upward trajectory.

Valued at US$5.15 billion in 2020, the global stretch film packaging market is projected to reach US$6.29 billion by the end of 2027, growing at a CAGR of 3.4% during 2022-2027[1].

With established utilisation in widespread trade and industry practices such as logistics and warehousing, the traditionally robust demand for stretch film is expected to grow steadily in tandem with increasing global industrialisation. This presents real and reliable opportunities for our growth within the sector.

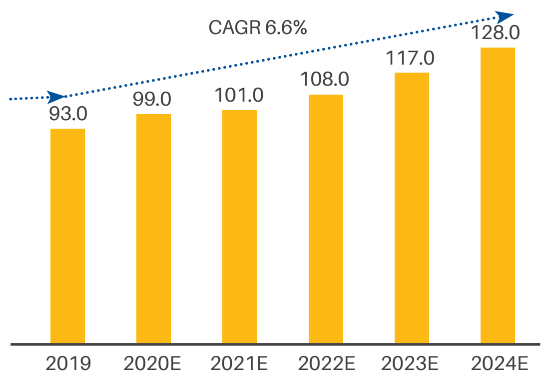
Leveraging on our decades of expertise in producing quality stretch film for a variety of industrial applications, along with manufacturing plants located in Malaysia and in the United States of America that are primed for expansion, we are well poised to capture greater market share in the coming years.

CONSUMER PACKAGING SET FOR UPWARD TREND

The Asia Pacific plastic packaging market is also expected to chart strong growth in the coming years. Sales revenue of plastic packaging products was estimated at US$93 billion in 2019 and is forecasted to grow at a CAGR of 6.6% to reach US$128 billion by the end of 2024[2]. Driving this growth in recent years has been the competitive cost of plastic packaging, growing disposable incomes, increasing e-commerce penetration and the growth of the FMCG sector[2].

Despite the pandemic, the packaging sector is expected to remain resilient due to a number of factors, including the rise in e-commerce during lockdown periods, higher sales for personal hygiene products and increased demand for non-perishable packaged F&B products. With e-commerce and F&B deliveries set to become a norm in the post-pandemic period, these shifts in consumer behaviour may well continue to accelerate in the medium term.

Total Sales Revenue of Plastic Packaging Products, APAC, 2019-2024E, Billion USD



Source: Frost & Sullivan

This is especially so amongst ASEAN markets, which currently lag behind developed economies in terms of plastic packaging use. The four markets of Indonesia, Thailand, Vietnam and the Philippines had an average per capita consumption of 21.5 kg/capita/year in 2019 as compared to 100.8 kg/capita/year across developed countries such as Japan, Germany and the United States[3]. This indicates a likelihood of increased plastic packaging consumption as regional markets become more developed.

At the same time, as economies recover from the pandemic, the demand for plastic packaging within their markets is accordingly expected to escalate. As mentioned in Frost & Sullivan's Independent Study on Packaging Products Market in Southeast Asia released in August 2020, 'plastic packaging is also expected to be in a strong position to leverage the economic rebound once the pandemic tides over'[2].

Globally, consumer legislators and non-governmental organisations are placing a lot of pressure on brands and industry to take action on sustainable and recyclable plastic packaging solutions. Resultant thereto, recycle-ready flexible packaging options, lower carbon footprint alternatives, products with post-consumer recycled content and biodegradable or compostable alternatives continue to be in the forefront of customers' packaging strategies. We will continue to ride on the global trend of innovation and expand our research and development into advanced flexible plastic packaging solutions to meet latest market needs in plastic.

INNOVATING SUSTAINABLE AND RECYCLABLE PLASTIC PACKAGING IN TANDEM WITH GROWTH TRENDS

Our approach to innovation has consistently been to develop products and competencies that are in line with burgeoning trends within the packaging markets in which we operate. By working closely with our customers to understand their needs, and by extension the needs of today's consumers and industry stakeholders, we are able to create new cutting-edge product offerings with enhanced technical capabilities that fulfils the requirements of all parties and offers us growth opportunities in the form of new products with growing demand.

Developing fully recyclable food packaging solutions that support customers' sustainability goals.

The most recent trends that we have identified include an increasing demand for fully recyclable flexible plastic packaging options, eco-friendly packaging that is compostable and low carbon footprint packaging that is produced in a responsible and sustainable manner. We also recognise the growing demand from our customers across the packaging value chain for solutions that can be produced more efficiently at scale while improving resource utilisation and reducing wastage.

To cater to this, we have adopted a variety of new processes and technologies that range from our investment into state-of-the-art stretch film machines that enable the innovation of ultra-thin stretch film, such as our Nano Ultra XE 67-layer film, to the pioneering of innovative printing capabilities and solventless lamination technology that serve to optimise the materials used in the production of our multi-layered laminated flexible packaging. Get the full details on our product development and innovation framework in the following sections:

Read more

- *Operational Review – Packaging Division > page 63*
- *Product Innovation > page 35 of our Sustainability Report 2021*

OPTIMISTIC FOR STRONG CONTINUED GROWTH

Guided by our vision, we have set aggressive growth objectives for the Packaging Division in order to achieve our sales volume target of 400,000 metric tonnes per year by FY2023.

Our optimistic forecast is underpinned by significant spending on research and development (R&D) to develop and commercialise advanced flexible plastic packaging solutions to meet the latest market needs, investment into advanced machinery with cutting-edge technologies and robust collaborations with customers to develop products backed by future demand.

At the same time, we take advantage of our presence across the packaging supply chain to integrate development activities, unlock economies of scale, pool resources and expertise, and cultivate internal supply chains that leverage on the related specialties of our various business entities.

Our strong track record has shown in the past that we are capable of growing at a significant rate. By crafting a robust framework for expansion and innovation that fully appreciates the evolving industry landscape and trends therein, we consciously place ourselves in a strong position to maintain our performance and meet our growth objectives.

Sources:

1. *Global Stretch Film Packaging Sales Market Report 2021 | Market Research Reports | April 2021*
2. *Independent Study on Packaging Products in Southeast Asia | Frost & Sullivan | August 2020*
3. *FMCG Packaging - Global Market Trajectory & Analytics | Research and Markets | April 2021*

Market Review, Outlook and Trends > **Property**

PRIMED TO CAPITALISE ON POST-COVID-19 GROWTH PROSPECTS

- Property market expected to rebound in early 2022 as economic sectors reopen progressively
- Demand for affordable homes is expected to remain robust with government initiatives boosting demand
- Property Division continues to gain insight from market trends and align strategies based on consumer needs and purchasing power
- We are actively digitalising our operations to adapt to the new normal and expand our market reach

AFFORDABLE HOME SECTOR SET FOR UPWARD TICK AMIDST STRONG GOVERNMENT SUPPORT

After a relative softening in demand during FY2021 due to the pandemic, the Malaysian property market is widely expected to stage a strong recovery in early-2022 as ramped up nationwide vaccination efforts since mid-2021 has placed the country on course to achieve herd immunity and reopen more economic sectors by end-2021.

As announced by Bank Negara Malaysia (BNM), a recovery in global trade as the COVID-19 crises eases as well as a turnaround in public and private sector expenditure amidst continued support from policy measures provides optimism for a rebound.

At the same time, increased rollout of the national vaccination programme will further uplift confidence and boost economic activities. This improvement in consumer sentiment will accordingly provide spillover benefits to the property market[1].

Also set to play a significant role in boosting market sentiment within the affordable housing sector are various government initiatives that are aimed at enhancing home ownership prospects for the middle-to-lower-income segments through the provision of incentives and policies as outlined herein.

By leveraging on these nationwide programmes, as well as continuing to align our objectives with independent state-run initiatives such as the Rumah Mampu Milik scheme, our Property Division is ideally poised to tap into the projected increased demand in the affordable property sector over the next few years.

GOVERNMENT LED INITIATIVES TO BOOST AFFORDABLE HOUSE OWNERSHIP

Budget 2021 Incentives

- Stamp duty exemption on Memorandum of Transfer and loan agreements for purchase of first residential properties worth up to RM500,000 from 1 January 2021 until 31 December 2025

Home Ownership Campaign (HOC)

- HOC was re-introduced on 1 June 2020, and extended until 31 December 2021, as part of the Short-Term Economic Recovery Plan (PENJANA) by the government
- Real Estate and Housing Developers' Association (REHDA) revealed that from 1 June 2020 to 28 February 2021, total gross sales recorded from HOC 2020/2021 was RM25.65 billion (34,354 residential units were sold)

Conducive Interest Rates

- Bank Negara Monetary Policy Committee maintained the Overnight Policy Rate (OPR) at 1.75% in its most recent review in September 2021, believing it "appropriate and accommodating to provide stimulus for the economy"
- Lower OPR allows home buyers to lock in lower interest rates favourable to current financial standings

KEY INSIGHTS AND ACTIONS TAKEN FROM PROPERTY TRANSACTION TRENDS

In keeping our ear to the ground for indications of impending trends and understanding market sentiment amongst residential property buyers, we consistently analyse facts and data relevant to the affordable housing sector. This has allowed us to draw useful insights on market demand and ensure that we cater future affordable housing developments to the market sectors that possess the greatest demand from home buyers.

Property Market Report 2020 - Number of Property Transactions by Sub-Sector and Price		
Time Period & Price Range	**Residential**	
	2019	**2020**
Jan-Dec		
100,000 & Below	41,675	36,149
100,001 - 200,000	49,059	44,403
200,001 - 300,000	38,425	37,498
300,001 - 400,000	26,658	25,714
400,001 - 500,000	17,844	16,287
500,001 - 600,000	10,552	9,353
600,001 - 700,000	7,560	6,545
700,001 - 800,000	4,653	3,979
800,001 - 900,000	3,038	2,599
900,001 - 1,000,000	2,016	1,791
1,000,001 & Above	7,815	7,036
Total	**209,295**	**191,354**

Source: National Property Information Centre (NAPIC)

INSIGHT - While the median house price in Malaysia has almost doubled from RM158,000 in 2010 to RM300,000 in H1 2021[2], demand has continued to be concentrated on homes priced RM300,000 and below, which account for 61.7% of total residential transactions in 2020[3].

ACTION - More than 70% of our affordable homes built to date have been priced at RM300,000 and below.

INSIGHT - Homes priced below RM500,000 account for 83.6% of all property transactions, indicating that the vast majority of Malaysians may not have the financial means to buy homes priced above RM500,000.

ACTION - We continue to focus our development activities on residential projects with affordable homes priced RM500,000 and below.

GOING DIGITAL TO EMBRACE THE NEEDS OF MODERN SOCIETY

A major trend that was emerging pre-pandemic was the increasing adoption of digital marketing and communication tools to support sales and promotion activities amongst players within the property development sector. These included initiatives such as virtual showrooms and 360-degree unit walkthroughs, along with the heightened use of online promotion and social media engagement.

However, with the advent of the COVID-19 pandemic and the resultant lockdowns, economic activity constraints, physical distancing and work-from-home mandates, the use of digital platforms to promote and sell properties is quickly becoming the norm. This trend is expected to grow in 2021 and beyond, as developers begin to adopt strong digital engagement capabilities as a long-term strategy.

At Scientex, we are ready to embrace this new normal and have provided all necessary resources and training to our people as we empower them to create effective digitalisation alternatives for their sales and promotional activities. Going digital has also allowed our workforce to extend their reach to a wider customer base effectively.

Sources:
1. *Review and outlook for the Malaysian property market in 2021 | Henry Butcher Malaysia Group | Feb 2021*
2. *Summary of Median House Price in Malaysia 2010 to H1 2021 | Source: NAPIC*
3. *Property Market Report 2020 – Number of Property Transactions by Sub-Sector and Price | Source: NAPIC*

Our **Material Matters**

Our material matters encapsulate the Group-wide issues that have a substantial impact on our ability to create value in the short, medium and long-term.

Guided by our materiality determination process, we have expanded our list of material matters to seven in FY2021. The inclusion of the new matters - Employee Safety and Health, and Governance and Compliance - reflects an increased focus placed on factors affecting our non-financial performance.

The Materiality Determination Process

IDENTIFICATION

Based on internal analysis of our business and feedback gathered, we identified material matters that are key to the Group, based on their impact on our financial and non-financial performance and in the context of the Six Capitals of the <IR> Framework

EVALUATION AND PRIORTISATION

After evaluating the importance of the topics in terms of their known or potential effect on value creation for our business and stakeholders, we prioritised seven material matters to focus on for FY2021

DISCLOSURE

After prioritisating the material matters, we undertook an intensive exercise to determine relevant information to disclose about the scope and boundary of each material matter for reporting purposes

Our Seven Key Material Matters

Product Innovation

Collaboration, allied with new technologies, ideas and methods, drives 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 rewards with performance, and enabling upskilling, we drive continual workforce improvement, which impacts product value and our ability to meet our growth targets.

Expansion

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

Employee Safety and Health

Employee safety is a Group-wide priority. In addition to compliance with applicable laws and regulations, we have implemented additional measures to ensure the safety and health of our employees during the COVID-19 pandemic.

Governance and Compliance

We continuously monitor our compliance to applicable laws and regulations, ensuring that proper policies and systems are in place to manage and oversee our business operations.

Material Matters	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Product Innovation	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Innovation is the core engine behind our Drivers of Growth, enabling us to increase our production capacity and efficiency, and develop products and solutions that offer increased value to our customers • In our Packaging Division, we work hand-in-hand with our consumer packaging customers to innovate our range of films and flexible plastic packaging structures, thereby catering to evolving market trends such as sustainability in addition to other specific product requirements such as longer shelf life, enhanced safety and hygiene, and greater convenience • With our industrial packaging customers, we place continual focus on developing products that offer improved physical performance, while introducing innovations that enable greater time and cost efficiencies • Our innovations have also furthered our action on sustainability, with new production processes introduced that use less raw materials, are less energy intensive, and generate less waste • Our state-of-the-art technical centres support our innovation efforts, enabling rapid prototyping and testing of new products and solutions, while we collect and analyse a range of market and industry data to form our strategies • In our Property Division, the use of the IBS construction technique has enhanced build quality and completion efficiencies alongside increased employee safety and reduced construction waste Read more *Operational Review – Packaging Division > page 63* *Product Innovation > page 35 of our Sustainability Report 2021*
Product Reliability	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Our strong reputation across our dual core businesses rests on our ability to consistently deliver industry leading standards in terms of timeliness, product safety and quality • To fulfil these expectations, we adhere to international best practices, with most of our manufacturing plants certified based on globally recognised ISO standards • To deliver quality products at scale, we rely on systematic processes and procedures which have been ingrained within the operations of both of our business divisions • In our Property Division, we utilise tried and tested land space and home designs to optimise land use and maximise end product quality, resulting in a 100% on-time delivery rate of property developments • In our Packaging Division, the efficacy of our processes is evidenced by having no major product recalls in the past decade • Across both divisions, we stay abreast of customer needs with regular feedback and ongoing communication, providing a barometer of our service quality, delivery timeliness and customer service standards Read more *Packaging Division – Overview > page 9* *Property Division – Overview > page 14* *Operational Review – Packaging Division > page 63*

Our Material Matters

Material Matters	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Talent Attraction And Retention	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Attracting, developing and retaining a high quality workforce is key to developing our human capital and spurring innovation across our three Drivers of Growth • We seek to nurture a long-serving workforce by providing a range of competitive benefits and talent development opportunities in line with regulatory requirements and industry trends • We further incentivise our employees with incentives and our share grant plan, which rewards employees who have reached clearly communicated KPIs • We engage with our employees regularly to listen to feedback and drive improvement in our employment, training and safety practices. Channels of engagement include quarterly rolling budget (QRB) dialogues, regular meetings and roundtable discussions and performance reviews • Heads of Department are encouraged to adopt an open-door policy to welcome open communication and feedback • By prioritising the employment of local talents, we are also better equipped to mitigate human capital risks and build long lasting teams to drive our growth and progress Read more ➤ *Key Stakeholder Engagement – Employees > page 40* ➤ *Key Risks and Mitigation – Availability of Human Workforce and Automation > page 53* ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Empowering Our People > page 70 of our Sustainability Report 2021*
Expansion	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Our ability to continually expand in terms of our production capacity, land bank development and customer reach is central to achieving our vision • In our Property Division, our 'Cross Boundary Development Strategy' has empowered our expansion from our traditional base in Johor northwards into Melaka, Negeri Sembilan, Selangor, Perak, Penang and Kedah, providing affordable housing to more Malaysians • In our Packaging Division, our continuous investment in new machinery and technology enables expansion of our production capacity and growth in our capabilities • By co-creating products and solutions with our Packaging Division customers, we have effectively expanded our range of films and flexible plastic packaging structures • We have consistently applied the latest process innovations that improve time- and cost-efficiencies in our Packaging Division • We consistently reinvest our financial capital into high growth areas, including through strategic and synergistic acquisitions, land bank acquisition and organic expansion Read more ➤ *Operational Review – Packaging Division > page 63* ➤ *Operational Review – Property Division > page 71* ➤ *Product Innovation > page 35 of our Sustainability Report 2021*

Material Matters	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Community Impact and Development	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Making a positive impact for the community is at the heart of our purpose as a company, as expressed through our corporate vision • In our Packaging Division, we strive to develop solutions that provide enhanced protection, convenience, hygiene and safety, and food waste reduction for the benefit of all consumers, while accelerating our adoption of sustainable packaging structures and production processes • In our Property Division, we aim to fulfil the demand for affordable, quality housing among Malaysians in the middle-to-lower-income segments, aspiring to complete 50,000 affordable homes by 2028 • Our developments create a positive impact for surrounding communities, and enhance the development of resilient communities on-site, by providing a range of essential services, encouraging job creation, and enabling enhanced connectivity to larger population hubs • At a Group level, we allocate funds for the development of community initiatives that promote sustainable living practices amongst school children. We also donated to frontliners and authorities to strengthen community-level responses to COVID-19 • Our commitment to local communities extends to our employment and supplier practices, where we provide preferential employment opportunities to local talents and engage local suppliers wherever possible Read more ➤ *Key Stakeholder Engagement – Local Communities > page 41* ➤ *Providing Affordable Housing > page 32 of our Sustainability Report 2021* ➤ *Product Innovation > page 35 of our Sustainability Report 2021* ➤ *Empowering Our People > page 70 of our Sustainability Report 2021* ➤ *Contributing to Local Communities > page 75 of our Sustainability Report 2021*
Employee Safety and Health	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Our employees are central to value creation. A healthy and happy workforce enhances our production capacity and efficiency, and drives innovation across the Group • To ensure safe and secure work environments, rigorous safety and health practices are followed across our worksites and manufacturing facilities, with practices aligned with all national, local, industry-specific and occupation-specific laws, regulations and best practices • Our safety and health practices are governed by a Group-wide Safety and Health Policy, outlining our approach to injury prevention and protection, emergency preparedness and response, and safety and health education • In light of COVID-19, we introduced extensive safety and health measures at all our workplaces, while encouraging employees to work from home whenever possible Read more ➤ *Key Risks and Mitigation – COVID-19 Pandemic > page 53* ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021* ➤ *Read our full suite of Group-wide policies on our corporate website*

Our Material Matters

Material Matters	Capitals, Stakeholders and Drivers of Growth Impacted	Description
Governance and Compliance	Capitals Impacted: Stakeholders Involved: Drivers of Growth Impacted:	• Strong corporate governance plays an important role in driving synergy in our approach to value creation, and alignment to our corporate values, across our business divisions • Our integrated governance structure is spearheaded by our EXCO, and formulates integrated, overarching strategies with regard to strategic goal planning, resource planning, governance, stakeholder and community engagement, and more • Key members of the EXCO also hold positions in division-level governance structures, driving the effective implementation of strategies • We maintain strict compliance with all national, local, industry-specific and occupation-specific laws and regulations, and remain updated on the latest applicable changes to such laws and regulations • Our suite of Group-wide policies outline our approach towards ethical business practices that promote the values of sustainability, including our Code of Ethics and Code of Conduct for Suppliers, which enshrine the standards we expect of our workforce and across our supply chain Read more ➤ *Our Corporate Governance – Our Integrated Governance Structure > page 89* ➤ *Key Risks and Mitigation – Compliance > page 55* ➤ *Responsible Business Conduct and Governance > page 28 of our Sustainability Report 2021* ➤ *Read our full suite of Group-wide policies on our corporate website*

Key **Risks and Mitigation**

Considering our continuous business growth and expansion of our geographical footprint, it is crucial to have an effective Enterprise Risk Management Framework (ERM Framework) that is integrated and embedded into the day-to-day business activities and management decision making to ensure that all business risks are prudently identified, analysed and effectively managed to safeguard our ongoing investments yield and expected returns for our shareholders, while concurrently meeting our overarching targets as a Group. The ERM Framework is designed and adapted as reasonably practicable from the ISO 31000:2018 Risk Management - Guideline.

Given our diversified nature, our approach to risk management places emphasis on input provided by management teams of our divisions/business units ("Business Owners"), who are responsible for identifying risks relevant to their operating environment, developing mitigation action plans and monitoring the progress of the said action plans. The process is overseen by the Scientex Executive Committee ("EXCO"), with Business Owners reporting on the risks identified and the implementation of mitigation plans to the Risk Management Committee ("RMC"). The Board of Directors ("Board") are kept abreast through reports delivered by the Chairman of the RMC during Board meetings.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

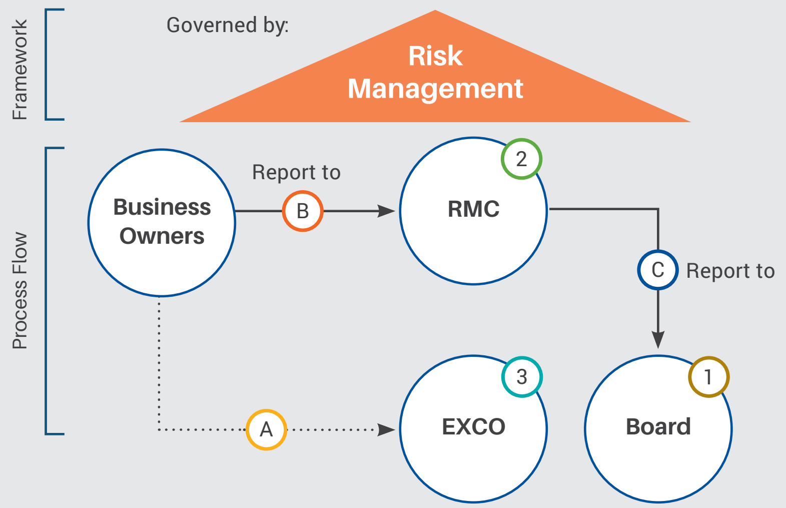
Risk Identification
Identify risks from their operating environment

Risk Assessment
Determine the likelihood and assess the potential impact of risks

Risk Evaluation
Evaluate existing controls of risks to derive risk rating

Risk Treatment
Decide on risk controls and action plans

Risk Monitoring and Reporting
Review, monitor and report the implementation progress of action plans



1	The Board is assisted by RMC and Audit Committee in overseeing the risk management and internal control system of the Group
2	RMC is chaired by an Independent Non-Executive Director and comprises the Chief Executive Officer and an 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 operational performance, internal controls and risk management of the respective divisions/ business units
B	• Identify relevant risks applicable to respective divisions/business units • Set up Risk Register • Establish mitigation plans • Monitor the risks on a regular basis • Report to RMC
C	• Review the Risk Register prepared by Business Owners • Ascertain the significance of the risk, factoring in the impact to the Group and its stakeholders, and the likelihood of the risk occurring • Report to the Board

Key Risks and Mitigation

OUR IDENTIFIED RISKS AND MITIGATION PLANS

Based on the risk management process detailed above, seven key risks were identified in FY2021 as most relevant to our value creation prospects. These risks have been segmented into four categories, namely STRATEGIC, OPERATIONAL, FINANCIAL and COMPLIANCE, based on their potential area of impact, with mitigation plans outlined for each.

Risks/Opportunities

Environmental Issues

Includes:
- Climate Change
- Biodiversity
- Pollution (Air, Water & Land)
- Waste Management
- Natural Resource Utilisation
- Water Security

Risk Category:

Strategic

Material Matters Impacted:

Description

Risk:

With global consumer and market trends shifting markedly towards environmental sustainability, an inability to adapt would affect us in several ways:

- Malaysia's transition towards a low-carbon/net-zero economy could lead to policies such as a ban on carbon intensive materials and products and the introduction of a carbon tax, which would lead to additional operating costs
- The increase in extreme weather events caused by climate change risks project delays and stranded assets in our Property Division
- Greater emphasis on sustainable waste management and other environment matters by the government may incur additional costs

Opportunity:

- Establishing market leadership in the creation of sustainable products and solutions
- Taking advantage of the shift towards sustainability amongst our suppliers to acquire additional energy efficient machinery and production technology that will reduce our energy consumption and drive greater production efficiencies

Mitigation Plans

- In our Packaging Division, we have continuously channelled our product innovation efforts, aided by customer collaborations, towards developing sustainable packaging solutions that:
  - are fully recyclable
  - use less raw materials
  - offer extended shelf life
  - are compostable or biodegradable
- We develop downgauged films and products without sacrificing performance, whilst significantly reducing raw material usage and energy consumption
- We have introduced various process innovations in packaging production that enable more energy-efficient production, reduced raw material usage and reduced wastage.
- We are actively exploring the development of products which use post-consumer resin derived from chemical recycled plastic waste as an input, as well as engaging with external recycling services to convert non-recyclable waste into Processed Engineered Fuel
- Initiatives have been introduced to reduce wastage at property development sites and manufacturing plants, alongside the implementation of 3R (Reduce, Reuse and Recycle) initiatives that reuse construction and production waste
- In our Property Division, our use of the IBS construction technique has resulted in savings in raw material usage
- Furthermore, we conduct Environmental Impact Assessments to develop and implement our Environmental Management Plans (EMP), focusing on the environmental impact of land use change for local biodiversity and ecosystems
- We also incorporate climate related issues within our assessment process when identifying or scouting for potential land acquisitions
- In FY2021, we adopted a Group-wide Environmental Policy that sets out our approach to environmental sustainability and the standards and practices we expect of our workforce and our suppliers
- We have focused our community activities towards raising awareness of sustainable living practices amongst the younger generation

Read more

- *Operational Review – Packaging Division > page 63*
- *Our Material Matters – Product Innovation > page 47*
- *Product Innovation > page 35 of our Sustainability Report 2021*
- *Responsible Waste Management > page 44 of our Sustainability Report 2021*
- *Optimising Consumption of Materials > page 49 of our Sustainability Report 2021*
- *Reducing Energy Consumption and Emissions > page 53 of our Sustainability Report 2021*
- *Environmental Compliance > page 56 of our Sustainability Report 2021*

Risks/Opportunities	Description	Mitigation Plans
COVID-19 Pandemic Risk Category: Strategic Material Matters Impacted:	Risk: The ongoing COVID-19 pandemic presents a major disruption to global supply chains and our own business processes. In particular: • A general slowdown in the economy and reduced consumer confidence may affect demand for our products • Travel restrictions and lock downs may affect sales and other business activities • The banning of non-essential activities may affect our ability to meet construction and launch targets in our Property Division	• We responded to the COVID-19 pandemic by implementing strict internal procedures across our plants, sites, worker hostels and offices, including swab tests, physical distancing, sanitisation and hygiene practices • The procedures and measures we have introduced are in compliance with government regulations • Employees are encouraged to work from home whenever possible, while our meetings, internal discussions, budget dialogues and property sales and marketing activities are carried out via digital platforms • We have collaborated with our customers and suppliers to understand their evolving needs and to ensure continuity of supply of packaging to the essential goods sector throughout the pandemic • Ongoing coordination with suppliers and stakeholders has ensured minimal interruption to existing logistics processes and a stable supply of primary and secondary production inputs • We have encouraged and facilitated the vaccination of our employees through talks and cooperation with corporate sector vaccination programmes • We have also contributed to community resilience by donating to frontliners Read more ➤ *Our Material Matters – Employee Safety and Health > page 49* ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021*
Availability of Human Workforce and Automation Risk Category: Operational Material Matters Impacted:	Risk: Changing employment regulations may affect the smooth execution of packaging production and construction processes, especially in terms of rules governing the employment and attainment of approvals for foreign workers Opportunity: Human resource challenges offer us the opportunity to invest in automated machines and augment existing processes with automation, thereby increasing efficiency and productivity. It also allows us to further our agenda of providing preferential employment to locals	• We place high priority on attracting and retaining quality talent through: - competitive remuneration packages - updated, industry-relevant training modules and programmes - our employee reward system that aligns employee incentives, including our share grant plan, with the achievement of established KPIs • We have invested in automation across our manufacturing plants, resulting in more efficient use of our human and intellectual capital • In our Property Division, we continually enhance the use of IBS construction technique, resulting in reduced reliance on human labour • Both our divisions have engaged with reliable agents to source for labour needs, allowing us to respond nimbly to accommodate changing demand levels • We continue to prioritise the provision of employment opportunities to Malaysians, particularly to those living in communities near our production facilities and property development sites Read more ➤ *Operational Review – Packaging Division > page 63* ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Empowering Our People > page 70 of our Sustainability Report 2021*

Key Risks and Mitigation

Risks/Opportunities	Description	Mitigation Plans
Cybersecurity Risk Category: Operational Material Matters Impacted:	Risk: As our businesses become increasingly digitalised, ERP and other digital and online technologies are more exposed than ever to potential cyberattacks, interrupting day-to-day operations and our ability to meet production and delivery deadlines	• We maintain a comprehensive IT handbook and policy outlining our approach to cybersecurity and the mitigation measures we employ in the event of a security breach • Our cybersecurity efforts are bolstered by hardware and software experts, whom we have hired internally in addition to engaging reputable external agencies • With the guidance of our internal and external experts, we conduct regular IT system health checks and security updates • The integrity of our cybersecurity measures is reviewed on an annual basis, facilitating optimisations to our strategy and execution that reduce risk of cyberattacks • We have also implemented a comprehensive IT data backup, data restoration and disaster recovery plan
Cost and Supply of Raw Materials Risk Category: Operational Material Matters Impacted:	Risk: The cost-effective purchase of raw materials is essential in both of our dual core businesses. In addition to the risk of raw material price fluctuations, periodic global shortages may also result in temporary production disruptions. This risk has become even more pertinent in light of the COVID-19 pandemic	• We continuously monitor prices and stock levels of raw materials to pre-emptively manage against volatility in supply and demand • To optimise our cost base and drive efficient and sustainable procurement, our raw materials are centrally procured, thus achieving greater economies of scale and greater accessibility to supply of raw materials • To mitigate against fluctuations in raw material prices, we adopt a "just-in-time" purchasing strategy whereby materials are purchased expressly to meet the projected demand of customers • To mitigate against supplier-specific shortfalls in the raw materials we need, we have consciously widened our supplier base
Employee and Contractor Safety and Health Risk Category: Operational Material Matters Impacted:	Risk: Accidents, incidents and exposure to occupational health hazards may cause injury or harm to employees and contractors, property damage, lost production time, and/or harm to our reputation.	• We maintain strict compliance with all applicable national, local, industry-specific and occupation-specific laws and regulations related to safety and health. • In FY2021, we adopted a Group-wide Safety and Health Policy which governs our approach to injury prevention and protection, emergency preparedness and response, and safety and health education • Occupational Safety and Health (OSHA) Committees, assisted by established and comprehensive OSHA management systems, oversee our safety and health procedures at individual worksites and manufacturing plants • In addition, employees are availed of relevant and updated safety and health training, and may flag potential issues through their worksite OSHA Committee • Our continuous adoption of the IBS construction technique further enhances employee safety • Our safety and health standards and procedures apply across our workforce and our suppliers, with our Whistleblowing Policy providing an avenue for any complaints or potential issues to be flagged

Risks/Opportunities	Description	Mitigation Plans
		• In light of COVID-19, we have introduced safety and health measures at all our workplaces, including strict physical distancing and hygiene practices, while encouraging employees to work from home whenever possible Read more ➤ *Our Material Matters – Employee Safety and Health > page 49* ➤ *Occupational Safety and Health > page 64 of our Sustainability Report 2021* ➤ *Empowering Our People > page 70 of our Sustainability Report 2021* ➤ *Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021*
Foreign Currency Exchange Rate Fluctuation Risk Category: Financial Material Matters Impacted:	Risk: As the price of raw materials is usually denominated in foreign currencies, mainly in USD, foreign currency fluctuations have a direct impact on the purchase price of inputs and our ability to meet our financial targets	• To mitigate against fluctuations in exchange rates, we have adopted a natural hedging strategy by: - denominating product selling prices of exports in foreign currencies, mainly in United States Dollar (USD) and other relevant foreign currencies - obtaining borrowings denominated in relevant foreign currencies, mainly in USD and other relevant foreign currencies
Compliance Risk Category: Compliance Material Matters Impacted:	Risk: As a company with a global presence, 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 Opportunity: By adopting transparent corporate governance practices that align with global best practices, we can enhance our reputation as an organisation and provide greater confidence to our shareholders	• We maintain strict compliance with all national, local, industry-specific and occupation-specific laws and regulations • We have a dedicated team charged with handling statutory compliance matters and staying abreast of laws and regulations pertaining to our businesses. In addition, we have engaged internal and external professionals who provide ongoing consultancy with regard to statutory compliance in the countries in which we operate • Our efforts are enhanced by our integrated governance structure, whereby our EXCO comprises members from both of our dual core businesses, enabling better oversight of our businesses and more cohesive decision-making • In FY2021, we updated our suite of Group-wide policies to strengthen our approach towards compliance in anti-bribery and anti-corruption, sustainability and ethical business conduct, amongst other key areas of focus. The procedures and standards outlined within apply to both our workforce and our suppliers Read more ➤ *Our Material Matters – Governance and Compliance > page 50* ➤ *Responsible Business Conduct and Governance > page 28 of our Sustainability Report 2021*

Our Roadmap **Towards FY2023**

We have earmarked FY2023 as the next milestone on our ambition **'To Double Up Every Five Years'**, and aspire to reach sales of 400,000 metric tonnes per year in our Packaging Division and develop 8,000 affordable homes per year in our Property Division by then.

Our roadmap, as shown below, outlines the strategies we are employing to reach our goal. By strengthening our competitive advantages across our key business processes, we will drive continual improvement in our production capacity, unlock greater resource and time-efficiencies, and deliver products of greater value to our customers, paving the way for continued and sustainable growth.

Packaging Division

400,000 Metric Tonnes/Year

Key Business Process	Competitive Advantage	Business Strategies
DEVELOP	• Integrated, end-to-end expertise across the entire packaging value chain • Continuous investment in new and sustainable machinery and technology • Established and sophisticated technical centres for research and development • Long-standing collaborative relationships with customers	• Leverage on our integrated expertise across the packaging value chain to capitalise on emerging market opportunities, especially by becoming the first mover in developing specific films and multi-layered packaging solutions previously unavailable in the region • Increase our ongoing efforts in developing downgauged films and products, fully recyclable flexible plastic packaging structures, and other innovative and sustainable packaging products through close collaboration with customers • Expand our testing capabilities and internal quality assurance processes to improve product quality
PROCURE	• Centralised purchasing function, which drives economies of scale in procurement • Well established presence and strong reputation • Long-standing relationships with suppliers	• Further cultivate relationships with suppliers and widen supplier base to manage raw material cost and supply volatilities • Enhance just-in-time purchasing function to minimise volatility of raw material costs, while optimising storage time through effective inventory management systems
PRODUCE	• Ingrained ERP system • Extensive range of machinery with varied capabilities • Efficient layout of factory floors • Factory specialisation	• Optimise our machine deployment strategies to drive specialism and economies of scale • Optimise our factory layouts, machine run-time planning and ERP system for greater production efficiency • Continue to explore and implement process innovations, including automation and energy efficiency technologies, to reduce our environmental impact and unlock additional production efficiencies • Continue to explore the use of recycled materials to reduce raw material usage, reduce emissions and support the circular economy for plastic
SELL	• Established presence across global markets • Established 53-year track record • Strong industry networks • Globally recognised and respected certifications • Experienced sales force • Longstanding relationships with customers	• Leverage on our global presence to speed up delivery to customers • Maintain and improve price competitiveness by utilising economies of scale • Accelerate our product innovation efforts to offer value added products in line with customer needs • Identify growth potential in existing sectors, while aggressively expanding to capitalise on new opportunities

TOWARDS FY2023

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 our customers

Property Division

8,000 Affordable 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	• Capitalise on new opportunities to expand our land bank portfolio by leveraging on our strong financial position • Focus on land banks and residential markets that provide opportunities for speedy return on investment • Further our Cross-Boundary Development Strategy by building our presence across Peninsular Malaysia
PLAN	• Dedicated and experienced planning team • Market-focused development concepts • Efficient layout and master planning approaches • Standardised house designs	• Efficient land use planning and house designs to optimise land bank usage while maintaining quality standards within the affordable home segment • Continue to enrich our best practices by sharing expertise across departments and projects • Place emphasis on community development during the planning phase, including by earmarking land space for community activities, commercial zones for job creation, and building infrastructure for improved connectivity to larger population hubs
LAUNCH	• Proven brand name in the Malaysian affordable housing market • Effective and time-tested launch and publicity strategies • Wide customer database	• Continue to leverage on digital and social media campaigns to engage with a wide cross-section of society • Develop strategies to further enhance brand name recognition within Malaysia • Continue to introduce timely packages and promotions that leverage upon consumer trends • Engage with members of the media and government representatives to enhance cooperation and brand exposure • Utilise our in-house Knowledge Management System for optimal database management and to maximise lead follow-up and conversion
BUILD	• Standardised quality house designs • Strong track record in effective utilisation of IBS construction technique • Centralised purchasing function • Longstanding relationships with experienced suppliers and contractors	• Continue to adopt IBS construction technique to enhance construction efficiency and to optimise product quality while reducing resource usage and construction cost • Continue to review house designs towards adopting greater uniformity and enhancing end product quality • Further cultivate relationships with reputable contractors and suppliers to ensure timely and cost-effective access to essential raw materials and expertise

Financial **Performance Review**

A ROBUST PERFORMANCE AMIDST CHALLENGES

In the midst of global economic uncertainty brought about by the COVID-19 pandemic, the Group has nevertheless recorded a robust financial performance in FY2021 and remains in a strong position to continue strategically expanding within our industry sectors and achieve our long-term growth targets.

FINANCIAL PERFORMANCE REVIEW

Description	FY2021 RM'000	FY2020 RM'000	Change (%)
Revenue	3,655,966	3,518,601	+ 3.9
Profit Before Tax (PBT)	600,961	544,262	+ 10.4
Net Profit	457,233	390,114	+ 17.2

Despite facing numerous operational and logistical challenges during the year, the Group nevertheless rallied admirably to achieve another year of record-setting revenue and profit.

Revenue in FY2021 was RM3.7 billion, representing a 3.9% increment over the RM3.5 billion revenue recorded last year. Our PBT notched an increase of 10.4% during FY2021, rising from RM544.3 million in FY2020 to RM601.0 million in the current year.

Notably, we saw a marked increase in our profit attributable to owners of the Company, which jumped 17.2% from RM390.1 million last year to RM457.2 million in FY2021.

The net profit increment is reflective of the Group's continued focus on progressive strategies that enable us to deliver accretive growth in product value and enhance our competitiveness and also partly due to the applicable tax incentives derived from ongoing plant and machinery expansion in capacity and capability.

Our emphasis on potentiating our Drivers of Growth has empowered both our Packaging and Property Divisions to remain on track in achieving their expansion objectives in line with our vision for growth.

DIVISIONAL FINANCIAL PERFORMANCE OVERVIEW

Packaging Division	FY2021 RM'000	FY2020 RM'000	Change (%)
Revenue	2,491,481	2,551,141	- 2.3
Operating Profit	253,558	251,015	+ 1.0
Property Division	**FY2021 RM'000**	**FY2020 RM'000**	**Change (%)**
Revenue	1,164,485	967,460	+ 20.4
Operating Profit	346,781	298,440	+ 16.2

Our Packaging Division recorded RM2.5 billion in revenue during FY2021 and operating profit of RM253.6 million. This was achieved despite the numerous challenges faced during the year, such as volatile raw material prices, rising costs and logistical disruptions, as well as the operational challenges faced due to the mandated COVID-19 containment measures.

Our performance was supported by strategies that we have put in place to enhance operational efficiencies, expand capacity and capabilities in areas of competitive strengths and develop our focus on innovating value added industrial and consumer packaging products to meet customer requirements.

Meanwhile, our Property Division's continued focus on developing affordable residential homes at strategic locations and at competitive prices was rewarded with sustained demand from the sector during FY2021, enabling the division to achieve convincing growth despite facing pandemic-related disruptions during the year.

Strong progress billings from on-going projects compounded with a good take-up rate in new launches saw the Property Division's revenue increase by 20.4% and operating profit by 16.2% in FY2021.

Read more about each division's performance in our 'Operational Review' from page 63 to page 78 of this report.

The Group's financial position remains strong with a total asset value of RM5.1 billion in FY2021, up from RM4.6 billion in FY2020. The increase was primarily due to the completed acquisitions of new development lands as well as the procurement of new machineries at our manufacturing plants.

The total equity attributable to owners of the Company also saw a significant increment in FY2021, rising from RM2.6 billion to RM2.9 billion in FY2021. This increase was mainly driven by the following:

a) FY2021 net profit of RM457.2 million offset by total dividend payment of RM129.2 million; and
b) New issuance of 988,000 ordinary shares amounting to RM11.2 million, pursuant to the Scientex Berhad Share Grant Plan, to eligible employees of the Group.

OPTIMISED FOR GROWTH AND EXPANSION

Description	FY2021 RM'000	FY2020 RM'000
Net Operating Cash Generated	699,572	715,337
Net Borrowings	876,489	627,816
Equity Attributable to Owners of the Company	2,895,663	2,561,392
Net Gearing Ratio (times)	0.30	0.25

The Group continues to generate strong cashflow from its business operations with net cash generated from operating activities during FY2021 of RM699.6 million.

Cash outflow from investing activities during FY2021 totalled RM776.5 million and was mainly due to capital expenditure for development lands and machineries. Further outflows from financing activities included dividend payments of RM143.5 million and finance costs of RM19.5 million.

With net borrowings standing at RM876.5 million in FY2021, our net gearing ratio remains healthy at 0.30 times. Our liquidity and robust financial position provides us with the resilience and strategic flexibility to invest strongly in expansion activities that will enable us to meet our growth objectives, while offering us the necessary fiscal leverage to seize future opportunities as they arise.

DELIVERING HEALTHY RETURNS TO SHAREHOLDERS

In recognition of our shareholders' continuous support, the Group has approved 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, which were issued and allotted on 14 January 2021 and 15 January 2021 respectively.

The Board has declared a single tier interim dividend of 4 sen per ordinary share, which has been paid on 23 July 2021, and is pleased to recommend a single tier final dividend of 5 sen per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting.

Total dividends of 9 sen per ordinary share, or approximately RM139.6 million in respect of FY2021, comprises 30.5% of the Group's current year net profit and further reinforces our commitment towards delivering healthy value to our shareholders each year.

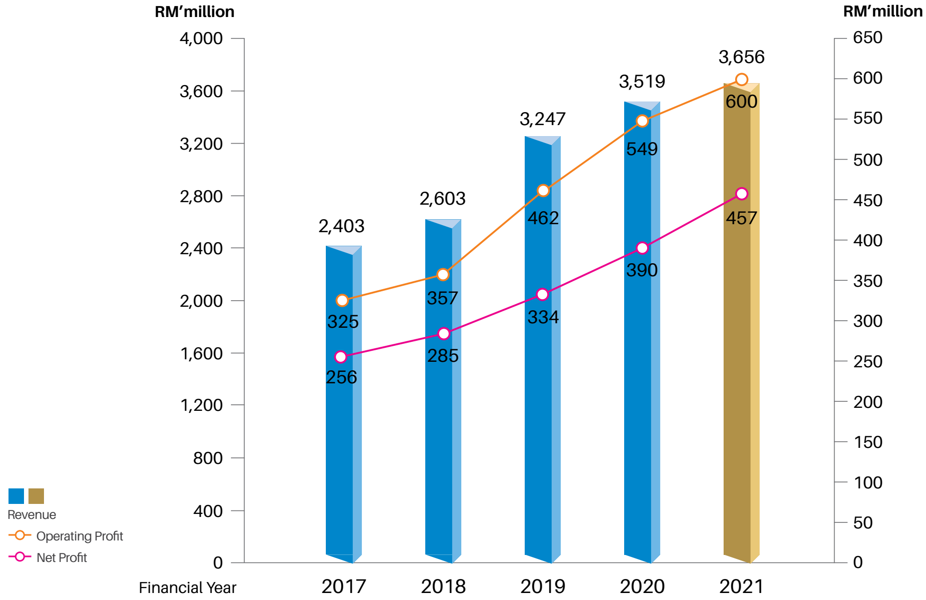
5-Year **Financial Highlights**

Year ended 31 July	2021 RM '000	2020 RM '000	2019 RM '000	2018 RM '000	2017 RM '000
Results					
Revenue	3,655,966	3,518,601	3,247,446	2,602,834	2,403,151
Operating Profit	600,339	549,455	461,777	357,386	325,069
EBITDA	722,327	671,270	558,404	437,146	395,222
Profit Before Taxation	600,961	544,262	450,588	354,684	317,968
Profit After Taxation	485,776	418,026	345,908	288,734	259,941
Net Profit	457,233	390,114	333,697	284,506	255,873
Group Assets					
Non-current Assets	3,159,980	2,776,719	2,409,020	2,173,065	1,624,709
Current Assets	1,939,853	1,823,716	1,698,461	1,212,225	953,080
Total Assets Employed	5,099,833	4,600,435	4,107,481	3,385,290	2,577,789
Financed by					
Share Capital	703,250	691,782	685,776	453,850	411,843
Reserves	2,192,413	1,869,610	1,539,242	1,295,755	1,123,621
Equity attributable to owners of the Company	2,895,663	2,561,392	2,225,018	1,749,605	1,535,464
Non-controlling Interests	201,545	194,260	173,935	69,973	68,416
Current Liabilities	1,571,262	1,353,230	1,329,723	1,160,017	743,663
Non-current Liabilities	431,363	491,553	378,805	405,695	230,246
Total Funds Employed	5,099,833	4,600,435	4,107,481	3,385,290	2,577,789
Performance Indicators					
Earnings Per Share (Sen)*	29.50	25.22	22.22	19.50	18.28
Net Dividend Per Share (Sen)*	9.00#	7.67	6.67	6.67	5.33
Net Assets Per Share (RM)*	1.87	1.66	1.44	1.19	1.06
Net Gearing Ratio (Times)	0.30	0.25	0.32	0.44	0.18
Return on Equity (%)	15.79	15.23	15.00	16.26	16.66
Net Operating Cash Flow (RM'000)	699,572	715,337	556,965	392,424	322,841

* *For years 2017 to 2020, the figures have been restated to take into account the bonus issue in January 2021.*

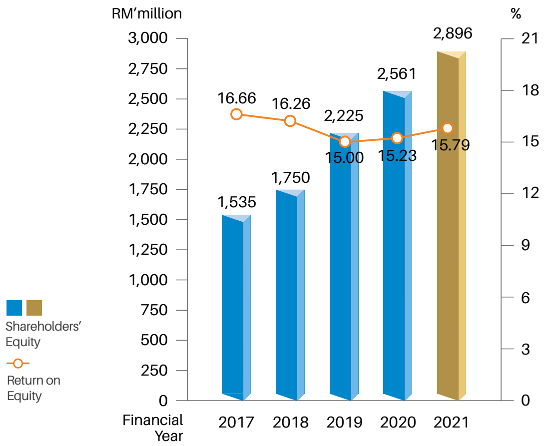
\# *Includes a single tier final dividend of 5 sen per ordinary share proposed for shareholders' approval.*

Revenue FY2021 RM3.7 billion



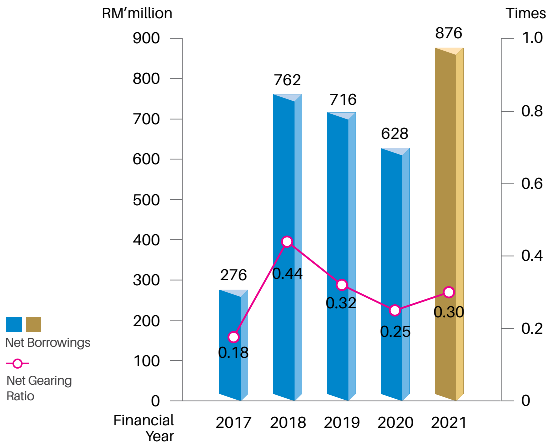
Return on Equity FY2021 15.79%

Shareholders' Equity FY2021 RM2.9 billion

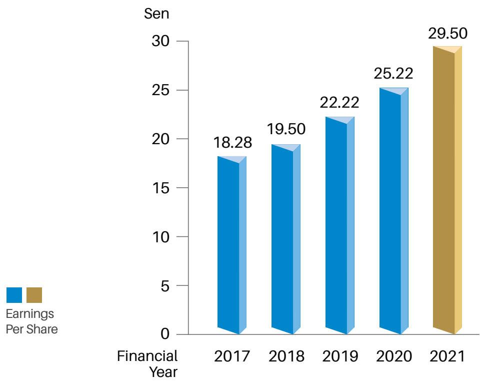


Net Gearing Ratio FY2021 0.30 times

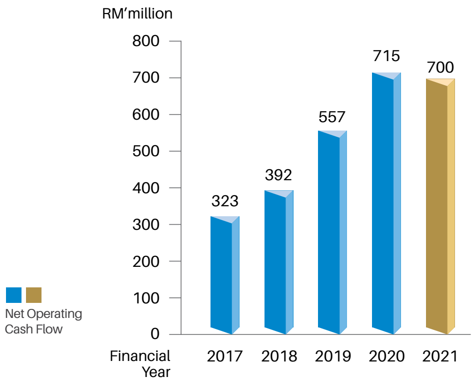
Net Borrowings FY2021 RM876 million



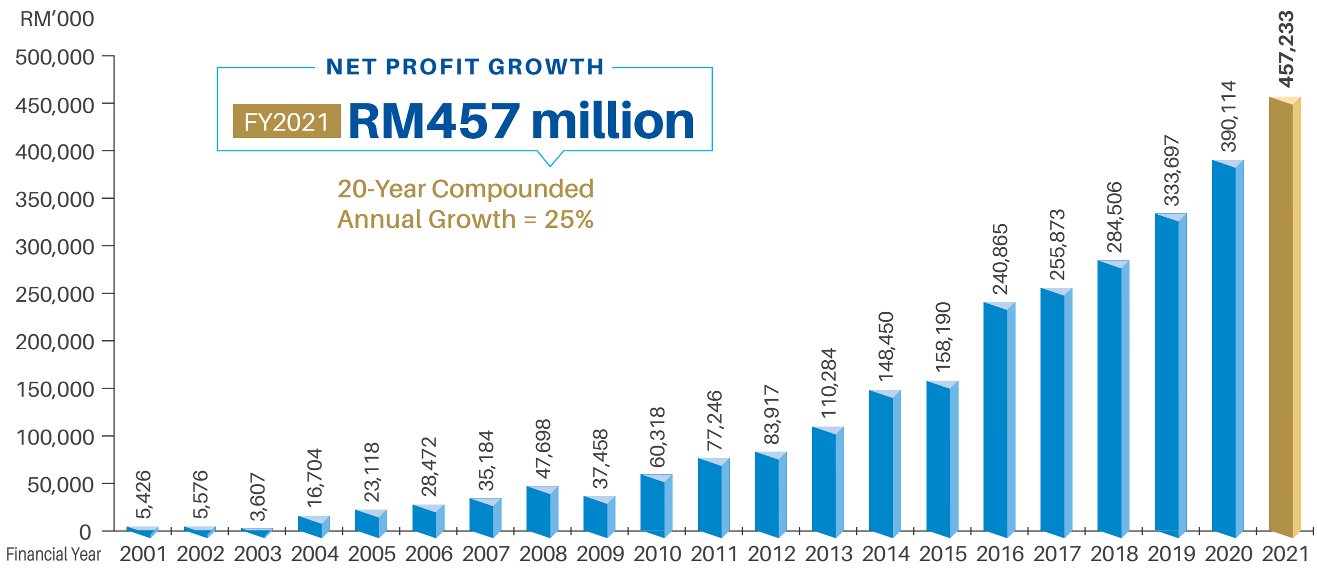
Earnings Per Share FY2021 29.50 sen

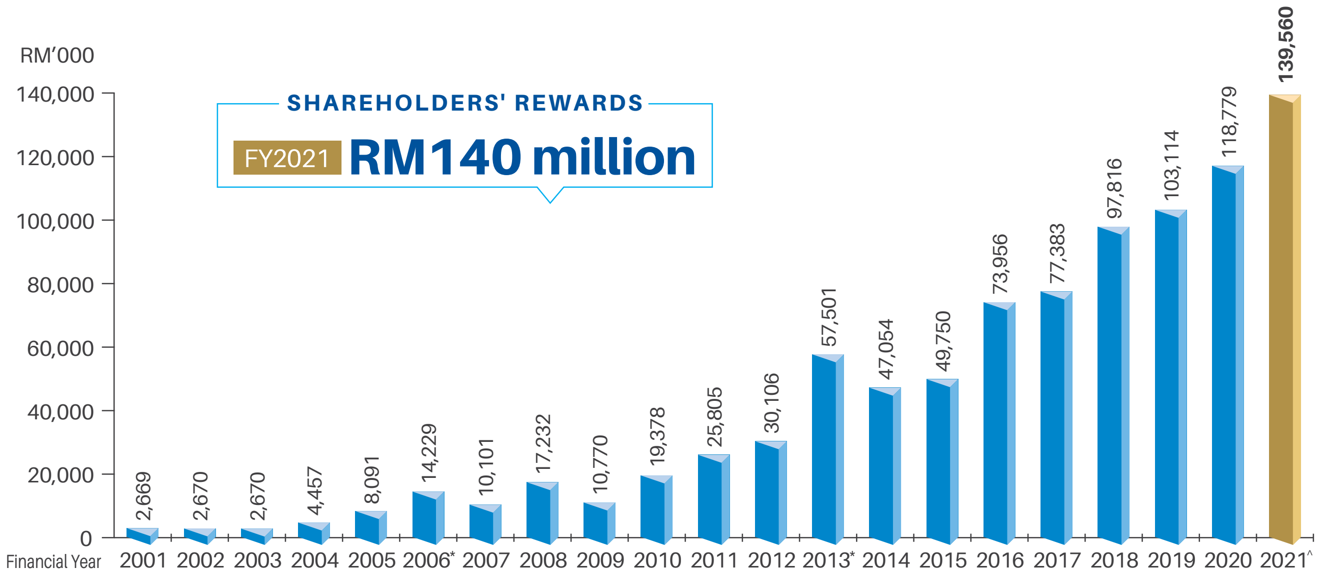


Net Operating Cash Flow FY2021 RM700 million

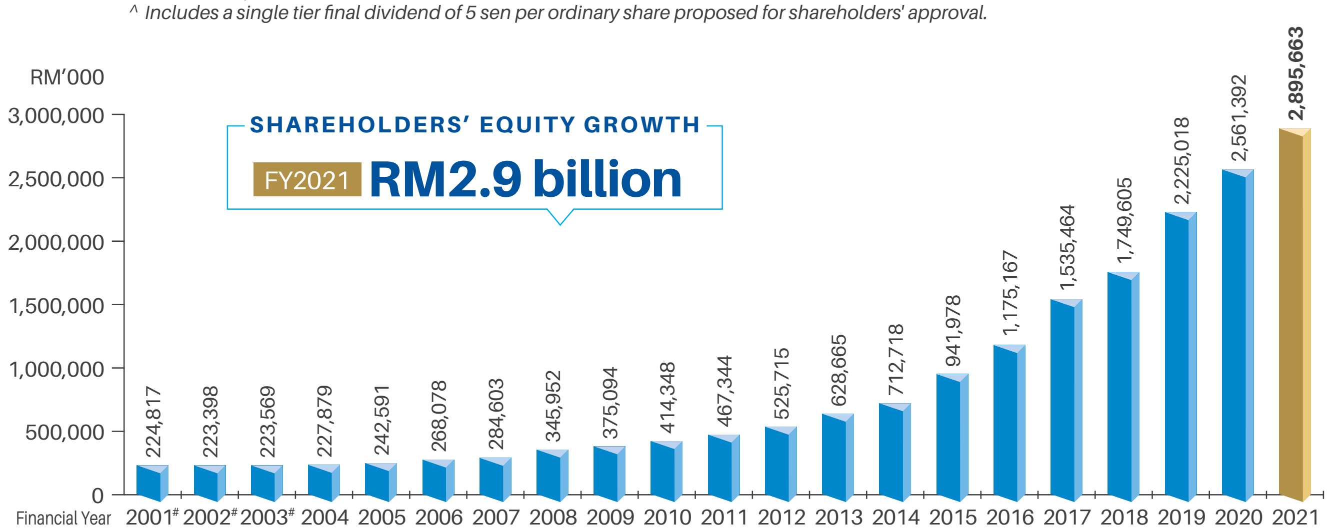


Scientex **Performance Record**





* *Includes a special dividend of RM4.8m in FY2006 and RM22.1m in FY2013.*
^ *Includes a single tier final dividend of 5 sen per ordinary share proposed for shareholders' approval.*

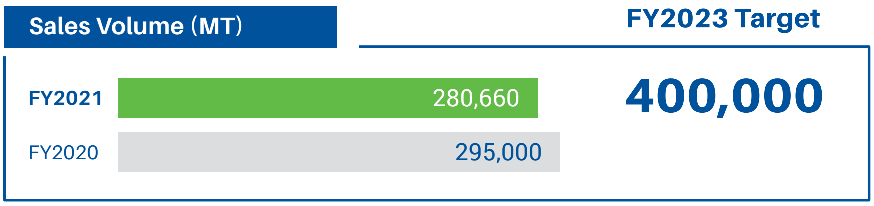


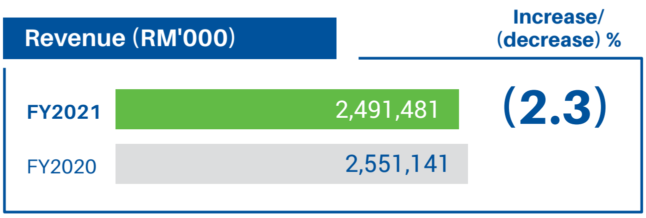
\# *The figures have been restated for consistency.*

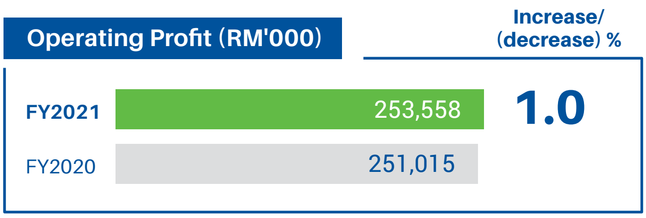
Operational Review > **Packaging Division**

MAINTAINING INDUSTRY LEADERSHIP THROUGH INTEGRATION AND INNOVATION

Our Packaging Division continues to deliver sturdy results despite the pandemic, as we leverage on our growing capabilities brought about by our integration across the packaging value chain.







As the COVID-19 global health pandemic continued to disrupt national economies and international supply chains, our Packaging Division nevertheless recorded a resilient performance amidst a challenging economic environment.

In FY2021, we recorded a slight contraction in sales volume with revenue holding steady at RM2.5 billion and operating profit of RM253.6 million. We are pleased to report that the business strategies and expansion plans that we have put into place are progressing well and the Packaging Division remains in an encouraging position to achieve our vision and FY2023 Roadmap growth targets (refer to 'Our Roadmap towards FY2023', on page 56).

Despite volatile material prices and logistical challenges during the year, our performance was bolstered by sustained demand from our industrial packaging products. However, our consumer packaging products faced operational challenges due to restrictions in workforce capacity and other mandated containment measures as well as rising material prices and logistic cost.

In FY2021, we continued leveraging on our expansion and acquisitions in recent years to accelerate intra-Group collaborations across our business entities within Scientex and unlock various beneficial synergies, such as rapid new product development across the packaging value chain, optimised procurement and the advancement of our technological capabilities.

Our concerted efforts in these areas of focus will continue to play a key role in spearheading our growth within the packaging industry and maintaining our robust year-on-year performances.

DRIVING GROWTH THROUGH OPERATIONAL EXCELLENCE

To provide a strong foundation for sustained excellence and growth within the Packaging Division, we have outlined the following key areas of focus in our guiding framework.

These areas of focus take into account our key material matters and current market trends, and serve to generate tangible contributions towards our Drivers of Growth, which are to increase our capacity, improve our efficiency and enhance our product value.

Operational Review > Packaging Division

UNLOCKING INNOVATION SYNERGIES AS AN END-TO-END PACKAGING PRODUCER

Scientex's name has been well-established in the stretch film industry since the 1990s. Over the years, we have built cutting-edge manufacturing plants and accumulated state-of-the-art industry technologies that have enabled us to not only become a leading global producer of stretch film, but also extend our expertise into a variety of value added and often market-leading flexible plastic packaging solutions through organic expansion, strategic partnerships as well as various mergers and acquisitions.

Our integration across the packaging sector into flexible plastic packaging (FPP) for the consumer market made significant progress in 2019 with our acquisition of Daibochi Berhad and Mega Printing and Packaging Sdn Bhd which provided us with valuable access to their wide customer base in the F&B and FMCG segments as well as their cutting-edge FPP innovation facilities.

Working with these top brand owners has delivered us deeper insights into the evolving landscape of the regional flexible plastic packaging industry and allowed us to pre-emptively address the needs of the consumer market. It has also unlocked our ability to implement intra-Group collaboration to create end-to-end solutions for FPP products that can be fully manufactured within the Group. This allows us to benefit from various economies of scale and resource efficiencies, while our integrated presence has additionally given us the means to rapidly develop, produce and test prototypes across the division.

Our development of recyclable mono-material laminated packaging, for which we were a first mover in Malaysia in FY2019, continues to offer us valuable opportunities to unlock synergies within the Group. By analysing and acting upon customer insights, we were able to innovate exacting solutions that utilised the expertise of both our base film and converting entities to produce market leading packaging solutions, empowering us to pioneer this product category in Malaysia.

36
new product innovations commercialised

In FY2021, we continued to work closely with our customers to undertake research and development activities on a wide array of projects, with a total of 224 research and development projects initiated. At the same time, we are pleased to report that a total of 36 innovation projects were successfully commercialised during the year, many of which continue to build upon our recent successes in sustainable packaging solutions.

One of our top synergistic efforts in FY2021 was the development of flexo-ink receptive BOPP film, and its accompanying Metalised-Oriented Polypropylene (MOPP) layer, which together form a fully recyclable flexible plastic packaging structure that can be used in the food packaging sector. This innovation made us the first packaging manufacturer in Malaysia to produce flexo-grade OPP film suitable for Extended Colour Gamut (EXG) and Combination Printing.

Through our continued adoption of intra-Group collaborations, we were able to enhance our product range and cost efficiencies to bolster growth, as well as reduce our carbon footprint in the procurement of materials and reduce emissions and waste generated across the packaging value chain.

PRODUCT INNOVATIONS THAT ADDRESS INDUSTRIAL AND CONSUMER MARKET TRENDS

Our range of flexible plastic packaging products are broadly categorised into industrial packaging products and consumer packaging products. Both these categories possess product ranges that serve different industry and customer segments and therefore possess their own distinct objectives and strategies when it comes to new product development.

The following represents a report on some of the key innovations that we successfully completed during FY2021 within these two categories.

INDUSTRIAL PACKAGING PRODUCT INNOVATIONS

Within our industrial packaging products category, we constantly aim to improve the physical attributes of our products in order to meet the performance standards required by our global customers. At the same time, we continue to enhance our efforts to produce sustainably whilst maintaining or improving product functionality and efficiency.

In FY2021, we once again made significant progress in optimising the use of production materials while enhancing the functionality of our industrial packaging products. Our major innovation during the year is as below:

Nano 67-layer Stretch Film

Leading the way in resource-efficient downgauged stretch films

Over the past decade, we have been one of the industry's leading adopters of downgauged stretch film, a process by which a more traditional, thicker film is replaced with a thinner gauge film without sacrificing the required performance.

Our most recent stretch film machinery investment in Nano 67-layer stretch film cast line which combines downgauging capabilities with cutting-edge Nano technology to reinforce multiple layers of polymers, enabling significant enhancements in film quality, including enhanced film strength, superior puncture resistance and holding force. This makes its resulting stretch film compatible with high speed wrapping machines, while enable lower operation downtime and reduce film material wastage during the wrapping process.

Our new Nano Ultra XE stretch film, which can be downgauged to as low as 10 microns and stretches film up to 400% of its original length, has enabled us to achieve a reduction of raw material usage of up to 50% compared to conventional machine wrap stretch film. This offers us and our customers a wide range of benefits, such as reduced use of raw materials, reduced storage space requirements, lower transport costs and, by association, reduced carbon emissions.

Operational Review > Packaging Division

Our Nano 67-layer cast stretch film line in Pulau Indah, Selangor plant

CONSUMER PACKAGING PRODUCT INNOVATIONS

As customer priorities around the world have shifted to place increasing emphasis on the sustainability of consumer packaging solutions as well as increased convenience, we have leveraged on our significant expertise, world class facilities and growing status across the packaging industry to innovate environmentally friendly alternatives to replace current market offerings, while further enhancing the performance of our packaging solutions to keep up with market needs and trends.

We continue to work closely with major players within the FMCG industry to ensure our sustainable innovations may be designed with specific market applications in mind. Innovations driven by market demand has been the cornerstone of our growth strategy as we are empowered to expand into these new market segments following the commercialisation of our new innovations.

Highlights of our progress in innovating new consumer packaging solutions during FY2021 are presented below, along with a brief description of each innovation and their applications.

Flexo-ink Receptive BOPP Film

Making PP film flexographic print-receptive

Flexographic printing, which enables time- and cost-efficient print runs while offering EXG printing capabilities, is a growing trend in Asia.

Working together with a major ink supplier, we increased the receptiveness of our PP film with a dedicated skin for flexo printing and launched a high-grade alternative that converters can use to create mono-material laminated packaging that is specially enabled for flexographic printing. Our recyclable OPP film is also suitable for gravure printing, dry and extrusion lamination and various other multi-layered laminated packaging solutions, that is widely used in F&B and FMCG segments.

MOPP Film

A strong PP barrier that enables mono-material laminated food packaging

Consumer packaging, especially for perishable food items, require layers that can form effective barriers against exposure to maintain the freshness of the product. The addition of such layers, however, can often add components that make the packaging unrecyclable and increase complexity of production.

Our creation of a high water vapour and oxygen barrier film made with PP opens up great prospects to enhance the recyclability of individual and bulk food packaging for our customers. Having been commercialised for a variety of snack food packaging solutions, our MOPP film has been shown to provide a stronger barrier than its predecessor, thereby better preserving the freshness and flavour of its contents while also extending product shelf life.

Avanti CPP Film

A higher performance film for food packaging

Avanti CPP is a high-performance composite film that combines the desired benefits from CPP film as well as Linear Low-Density Polyethylene (LLDPE) film to create an easily recyclable alternative for the packaging of certain food products. This film was innovated to meet the needs of customers who were seeking alternatives to improve on production efficiencies and enhance the recyclability of their packaging.

Avanti CPP features comparable or superior stiffness, Hot Tack performance, sealing properties, flexibility and elasticity, alongside the optical clarity required by manufacturers of specific foodstuffs. In addition, Avanti CPP can be manufactured on thinner gauges, meaning reduced raw material and electricity consumption during production along with faster packing speeds.

Retort CPP Film

Creating high quality retort grade films in-house

The CPP retort grade films that we have developed can withstand the process of retort, which uses high temperature to sterilise the contents and in turn improve shelf life. Specially formulated to tolerate oily or high fat contents, it has already been commercialised for the packaging of pet food single servings and many other developments are underway.

This product is ideal for a wide variety of food packaging, especially ready-to-eat meals and sauces, and we are well-poised to capture market share within this segment as the trend for ready-to-eat food products continues to grow amongst consumers.

Machine Direction Orientated (MDO) Film

A recyclable and sustainable substitution for BOPA and BOPET films

As outlined in last year's report, we began innovation on MDO films made with PE to create an environmentally friendly packaging alternative to biaxially oriented polyethylene terephthalate (BOPET) and biaxially oriented polyamide (BOPA) films. MDO involves the uniaxial stretching of film (up to 10x) to improve physical properties such as optics (haze and gloss), tensile strength, stiffness and barrier properties.

Our continued focus in this area has resulted in the commercialisation of a 100% polyethylene MDO PE film which is fully recyclable and customised to offer a high barrier structure and provide optimal product protection. It is suitable to replace PET film and is currently used in the production of stand-up pouches, frozen food packets, household gloves packaging and rice bags.

BioPBS™ Compostable Film

A biodegradable film that's making waves in the food industry

Compostable packaging options are a growing requirement from many modern dry and fresh food brands that promote sustainability. That's why we developed BioPBS™ film, a bio-based polybutylene succinate adipate film and our first compostable film that is able to decompose and break down into non-toxic components within a sufficiently short period of time.

The environmentally friendly film offers excellent sealant properties and, along with being accredited for home and industrial composting by TUV Austria, it is an ideal solution to pack coffee capsules, tea leaves, fruits and vegetables, amongst others. Backed by favourable market response since our commercialisation last year, we have already begun collaborating with more customers to innovate new compostable packaging solutions.

Tastemaker Sachets

Creating a sustainable solution for instant noodle flavour sachets

With the high global consumption of instant noodles around the world, increasing the recyclability of plastic flavour sachets used can have a positive impact on the environment. Working with a top instant noodle brand owner, we developed a mono-material laminate alternative for use in their tastemaker sachets.

The Polypropylene based solution is fully recyclable and will carry the number '5' recycle logo. This innovation has opened up new prospects for future product expansion,

Operational Review > Packaging Division

as the mono-material solution that we developed may also be used for a wide variety of other types of food flavouring packaging.

Beverage Outerbag

Our first paper-based fully recyclable packaging solution

This beverage outer bag was our first paper-based packaging solution. It retains the high barrier and strength properties expected while boasting full recyclability and biodegradability.

With a wide range of applications across various product categories, we are primed to explore more opportunities within this segment in future.

Stick Packs

A recyclable polyolefin solution for powdered beverage

Stick packs are commonly used for powdered beverage and have previously relied on PET packaging structures that were difficult to recycle. Working with our customers, we created a recyclable Mono-Polyolefin packaging structure with enhanced barrier properties to maintain freshness.

The product has been commercialised with a top coffee brand and will carry the number '7' recycle logo to denote its recyclability within the country it is being sold. We are currently working with more customers to roll out more of such applications.

Seasoning Pouch

A recyclable clear pouch that enables efficient production

This specially constructed pouch utilises our Avanti film and is a fully recyclable alternative to current market offerings. It has been commercialised for use by a leading seasoning brand. This product has also significantly increased the efficiencies and speed of production, making it ideal for food products manufactured in bulk.

EMBEDDING SUSTAINABILITY IN OUR PROCESSES

In our role as a manufacturer of quality packaging solutions, we constantly seek better and more effective processes that can enhance our efficiency and increase our product value. At the same time, innovations to our machines and processes are a major driver of environmental sustainability and efficiency, as they facilitate the production of packaging solutions with reduced energy use, material use and waste generation.

These enhancements to our processes not only allow us to benefit from cost- and resource-efficiencies, but also embeds sustainability into our products. Thus, these benefits extend to our customers across the supply chain and permits us to grow our reputation as a leader in sustainable packaging production.

The following are some highlights from our process innovations during FY2021.

Extended Colour Gamut (EXG) and Combination Printing

Pioneering a resource-efficient printing process within Malaysia

To further optimise our production efficiencies, we have developed new flexographic printing techniques, namely EXG and Combination Printing.

Our pioneering use of EXG in the region enables reduction in ink wastage, setup times and ink inventory requirements. Meanwhile, Combination Printing allows for the production of multiple SKUs within a single print run. This greatly reduces setup times and stoppages during printing hence increasing production efficiency.

Together, these innovations drive a range of benefits including cost efficiency, reduced manpower required, lower usage and waste of raw materials.

Flexographic printing machine

Eco-Friendly PE Valve Sacks

Using innovative technology for a better environment

In FY2021, we extended our quest to minimise material usage within our production of industrial valve bags, which have traditionally used adhesives for their proper sealing. With the procurement of our latest valve bottomer machine, we are pleased to have been able to eliminate the use of adhesives in the sealing process entirely through the use of innovative heat-sealing technology.

In addition to the added efficiency of not having to pre-treat the film surface, we have also eradicated emissions related to specific processes involved in the procurement, transportation and storage of adhesives, as well as the disposal of said adhesives. The new valve bottomer machine has likewise enabled a three-fold increase in our production capacity for industrial valve bags.

Solventless Lamination

A new process for lamination with significant environmental benefits

In FY2021, we made a significant step towards enhancing the environmental responsibility in our production processes with the installation of multiple solventless laminators within our plants. This process, which involves the adhesion of two or more substrates using a solvent-free adhesive, eliminates the emission of volatile organic compounds that may be released during traditional processes that use solvents.

Apart from this benefit, the removal of solvents from the lamination process negates the need for solvent drying processes that would otherwise be required and which would result in additional energy used and emissions produced. We further eliminated the evaporation of solvent into our environment, as well as indirectly reducing our CO_2 emissions.

Fancy Die Cut

A process innovation to access new market segments

In our bid to expand our expertise consistently, we developed technology for fancy die cutting on our current pouch making machines through the addition of equipment such as customised sealing bars and die cut unit. This has allowed us to develop uniquely designed food pouches, such as the iconic 'teardrop' design, which are produced to strict customer specifications whilst maintaining stringent food safety standards.

This innovation allows us to expand our product range and provide customers with packaging options that are able to communicate a certain message or emotion to consumers via their unique die cut designs.

INVESTING TO ENHANCE EXPERTISE, CAPACITY AND AUTOMATION

All of our above innovations were made possible by our concerted approach towards investing in machineries and technologies that are able to enhance our expertise and capacity for growth. Since FY2020, RM400 million has been earmarked for investments in new machinery, technological advancements such as automation, and factory enhancements for a three-year period from FY2020.

During FY2021, we invested a total capital expenditure of RM124.6 million on such advancements, which includes the commissioning of 17 new extrusion and converting machineries.

One of our key undertakings within the scope of automation during the year was the modification of one of the stretch film lines at our plant in Pulau Indah, Selangor. The new automated process utilises a robotic arm to lift the stretch film rolls and insert them into the cartons, thus replacing tedious and monotonous manual work with mechanical automation.

Along with reducing our reliance on manual labour, this automation process offers the additional benefits of increasing productivity while enhancing precision and quality. This is an important step forward in our continued adoption of Industry 4.0 efficiencies that empower us to use less resources while increasing our consistency in delivering high quality products, thus translating into improved efficiency and economic growth.

Automation at our stretch film plant

In a similar vein, we are thrilled to announce that we have commenced construction of a fully robotic stretch film plant in Shah Alam, Malaysia. Upon its targeted completion in FY2022, the plant will be equipped with the latest cast stretch film technology and best-in-class functionalities and automation that will enable us to increase manufacturing capacity, production efficiency and output per worker.

SAFEGUARDING OUR PRODUCT QUALITY AND RELIABILITY

The reputation for high quality products and services that Scientex has accrued across the globe has been cemented over the years through our stringent commitment towards ensuring our product reliability, which is a key material

Operational Review > Packaging Division

matter for the Group, as well as our product value, which represents a fundamental driver of our growth.

As part of our commitment, we have a robust framework of governance to ensure that all of the Group's various plants consistently adhere to internationally recognised quality standards, while we further aim to reach for higher standards year after year.

To this end, we are pleased to report that our plants involved in food packaging have attained numerous internationally recognised certifications that showcase their excellence in food safety management. Four plants have attained the Food Safety System Certification 22000 (FSSC 22000) certification, two plants have obtained the BRC Global Standard for Food Safety certification and one plant has achieved ISO 22000 certification for food safety management.

In our efforts to further enhance our product reliability while also supporting the circular plastic economy through the use of post-consumer resin (PCR), we are proud to be the first plastic packaging manufacturer in Malaysia to obtain the International Sustainability and Carbon Certification (ISCC) PLUS Certification.

The certification ensures compliance with high ecological and social sustainability requirements, greenhouse gas emissions savings and traceability throughout the supply chain. We are also in the process of obtaining a similar certification for relevant plants involved in our PCR supply chain initiative, which will then enable us to expand our reach towards global customers seeking sustainable packaging solutions.

For more details on the certifications and accreditations that we have obtained, please refer to our corporate website.

INVESTING IN OUR HUMAN CAPITAL

In our bid to advance our competencies and capabilities, we place emphasis on the continued development of our human capital. As we gear ourselves for impending technological advancements, we must also ensure that our workforce is able to safely and effectively utilise such technology.

Within the realm of safety and employee protection, we placed special focus during the year on preventing the spread of COVID-19 within our workforce and implemented strict protocols and practices to enhance their protection while proactively cooperating with corporate sector vaccination programmes to accelerate the inoculation of our employees, especially those at high risk locations.

We are pleased to note that in FY2021, two of our manufacturing plants, located in Pulau Indah and Rawang, have been accredited with ISO 45001:2018 certification. This ongoing transition of our plants to the latest top international standards underscores our commitment towards instilling industry best practices to ensure the safety of our people.

In FY2021, we also continued to invest in the training, development and upskilling of our workforce so that as our business operations undergo advancements, our people, too, may progress in tandem with our growth.

Read more

- *Empowering Our People > page 70 of our Sustainability Report 2021*
- *Our COVID-19 Protection Framework > page 80 of our Sustainability Report 2021*

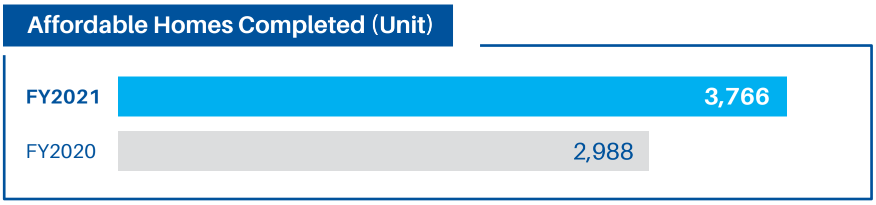
Training session conducted for our Packaging Division

Vaccination programme

Operational Review > **Property Division**

REINFORCING OUR REPUTATION AS A TOP DEVELOPER OF AFFORDABLE HOMES

Our Property Division's strong performance and continued footprint expansion in FY2021 places us in good stead to capitalise on the anticipated post-pandemic economic rebound.



Total Completed Units (up to FY2021)	Total Completed Affordable Home Units (up to FY2021)	Targeted Affordable Homes To Be Completed By 2028
27,478 units	**25,297** units	**50,000** units

Despite economic uncertainty caused by the COVID-19 pandemic, we remained focused on developing affordable homes that address property ownership challenges faced by the middle-to-lower-income population and managed to secure an improved performance in FY2021.

Although there was a relative softening of demand in the Malaysian housing sector in FY2021, we nevertheless received strong response to our ongoing and new affordable home developments across various regions in the Malaysian peninsula.

We completed construction on a total of 3,932 units during the year, 3,766 of which represent affordable homes, while also launching a further 5,615 units from a total of eight development projects.

The record number of units launched during FY2021 has placed us on the right trajectory to raise our number of homes constructed per annum to 8,000 by FY2023 and achieve our target of 50,000 completed affordable homes by 2028.

As part of our risk mitigation measures, we have continued to strictly comply with all relevant COVID-19 safety and health regulations on our project sites while also participating in corporate sector vaccination programmes to accelerate the inoculation of our workforce (refer to 'Our COVID-19 Protection Framework' on page 80 of our Sustainability Report 2021).

However, the various lockdowns imposed during FY2021 has had some impact on the progress of our constructional activities and operations, as well as causing some delays in obtaining permits and approvals from relevant authorities.

Operational Review > Property Division

CONTINUED EXPANSION OF LAND BANKS

Driven by our robust growth objectives, our land acquisition team has kept a keen eye out for prospective land banks that offer great value and possess an ideal location for the development of affordable homes. Leveraging on our strong financial position, we have continued steadfastly with our aggressive land acquisition strategy in FY2021 as we stay on track to achieve our strong growth objectives.

We completed the purchase of six parcels of land during the year totaling 1,944 acres, with one parcel in the Northern region, three parcels in the Central region and an additional two in the Southern region of Peninsular Malaysia.

Our largest parcel amongst acquisitions completed this year is a highly strategic 1,357-acre land bank in Jasin, located close to its town center and nearby the city of Melaka. Subsequently, we completed the acquisition of an additional 158 acres of land that is strategically located in the Jasin town center.

We are also pleased to have completed our maiden land acquisition in the Northern state of Kedah with a verdant land bank spanning 162 acres in the vicinity of Sungai Petani town.

Meanwhile, we have commenced the acquisition process for an additional six parcels of land totaling 1,527 acres.

Four of these parcels, totalling 1,162 acres, are located at Tebrau and Pulai in our stronghold of Johor as we seek to further expand our presence in other districts within the state. We are also looking to magnify our footprint in Penang and are on course to complete the acquisition of a sizable parcel of 343 acres located in Sungai Dua during FY2022.

TOTAL LAND BANKS AS AT 31 JULY 2021	TOTAL LAND BANKS DEVELOPED	TOTAL LAND BANKS WITH ONGOING DEVELOPMENTS	TOTAL LAND BANKS FOR FUTURE DEVELOPMENTS	TOTAL LAND ACQUISITIONS COMPLETED IN FY2021	NEW LAND BANKS PENDING COMPLETION AS AT 31 JULY 2021
5,668 acres	2,221 acres	497 acres	2,950 acres	1,944 acres	1,527 acres

FY2021 Land Acquisition Completed

Sungai Petani, Kedah	162 acres
Kundang Jaya, Selangor	19 acres
Cheras, Selangor	139 acres
Seremban, Negeri Sembilan	109 acres
Jasin, Melaka	1,357 acres
Jasin, Melaka	158 acres

TOTAL CONSIDERATION **RM547.5 million**

FY2021 Land Acquisition Pending Completion

Sungai Dua, Penang	343 acres
Kundang Jaya, Selangor*	22 acres
Pulai, Johor*	202 acres
Tebrau, Johor (three parcels)	960 acres

TOTAL CONSIDERATION **RM966.9 million**

* Land acquisitions have been completed in August 2021.

FAST TRACKING TOWARDS OUR GROWTH OBJECTIVES

As disclosed in last year's report, we had set a target of constructing 6,000 units of affordable homes per annum by FY2023. However, as we continue to see positive response to the launches of our affordable homes, it has inspired us to raise our commitment to the Rakyat and revise our FY2023 target to 8,000 homes per annum.

This augmentation of our growth objectives underscores our Property Division's commitment towards its purpose of alleviating the home ownership struggles of the lower income population, and places us in the driving seat towards meeting our Vision 2028 goal of constructing a total of 50,000 units of affordable homes by that year.

FY2023 Target

To construct **8,000**
Affordable Homes Per Annum

OVERVIEW OF DEVELOPMENT PROJECTS

In growing our footprint from the South to the North of Malaysia, we have organised our presence into four key regions of the peninsula, namely the Johor, Melaka, Central and Northern regions. The following is a review of our activities and operations across each region during FY2021.

JOHOR

Total Land Banks - 2,663 Acres

Completed
1,972 Acres

Ongoing
143 Acres

Future
548 Acres

Affordable Homes Completed in FY2021
1,996 units

Total Completed Affordable Homes to Date
20,558 units

Artist's impression of Scientex Pulai 2, Johor

Operational Review > Property Division

Since 1995, the Scientex name has grown from strength to strength as a reliable developer of quality affordable homes in Johor. To this day, Johor remains the stronghold region for our Property Division as we have continued to expand our presence throughout the state over the years.

The growing township of Pulai is currently our most active project within the state, with a total of 974 affordable homes of four different designs completed during the year. At the same time, we launched a further 614 units in Pulai, which brings our total ongoing affordable homes under construction in that project to 1,206 units.

These 614 units of Rumah Mampu Biaya Johor (RMBJ) Type B were launched in a special balloting event conducted through the Facebook Live platform. The event was held in compliance with all relevant SOPs at the RTM Auditorium in Johor in November 2020 and was officiated by YB Tuan Haji Ayub Bin Jamil, Chairman of the Johor State Housing and Local Government Committee. The units were balloted at RM80,000 each.

Online live balloting event for RMBJ in Scientex Pulai

One of our newest, and second most active, development project within Johor is Taman Pulai Mutiara 2. Out of its inaugural launch of 955 units of double storey and 3 storey terrace homes last year, we have completed 392 units of double storey homes this year. In FY2021, we launched an additional 368 units of double storey terrace homes in FY2021 to bring the total number of ongoing affordable homes within the project to 931 units. Taman Pulai Mutiara 2 also launched 104 units of double storey shop offices, known as "Pulai Boulevard", in May 2021. It is expected to yield more than 4,500 units upon its final completion.

The Kota Tinggi land that was only acquired in FY2020 has already begun contributing to the division with its maiden launch of 128 units of affordable double storey terrace homes this year. The respond for the maiden launch was overwhelming with all units fully sold to date, The speed at which we have progressed from acquisition to launch is reflective of our commitment towards rapid land development and launches so that incoming funds from sales can be reinvested into new land banks.

Meanwhile, our Senai 2 development contributed an additional 195 units of completed affordable homes during the year while our ongoing development at E'Roca Hills also saw the completion of 43 double storey semi-detached bungalow units.

In land acquisition updates, we are especially excited by our efforts to complete the acquisition of land banks in Pulai and the northeast district of Tebrau, which will further expand our growth in Johor. The acquisition in Tebrau is split into three parcels and is expected to progressively complete over the next three years.

NEW LAND ACQUISITIONS 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 Taman Pulai Mutiara 2 developments. Frontage onto Malaysia-Singapore Second Link Expressway. Easy access to Malaysia-Singapore Second Link Expressway and North South Expressway.

TEBRAU, JOHOR	
Land Title	Freehold
Land Size	960 acres
Description	Strategically located northeast of the established Mukim Tebrau and approximately 25 km from the Johor Bahru city centre. Easily accessible via the Senai-Desaru Expressway.

MELAKA

Total Land Banks - 2,063 Acres

Completed	Ongoing	Future
182 Acres	126 Acres	1,755 Acres

Affordable Homes Completed in FY2021
1,482 units

Total Completed Affordable Homes to Date
3,382 units

In Melaka, our fast growing Scientex Durian Tunggal residential development has continued to receive great response since its launch in FY2017. The project completed 1,482 units of affordable homes during FY2021 to bring its total to 2,142 completed units, with a further 349 units of double storey terrace homes undergoing construction as it aims to establish itself as a new integrated township in Melaka.

Building on the success of Scientex Durian Tunggal is the neighbouring Scientex Durian Tunggal 2 development, which had its maiden launch of 234 units of double storey terrace homes last year. In FY2021, it put up an additional 1,361 units of double storey terrace homes as well as Rumah Mampu Milik to bring its total units of affordable homes undergoing construction to 1,595 units.

Completed project in Scientex Durian Tunggal 1

Land acquisition in Melaka has continued strongly in FY2021 as we completed the acquisition of 158 acres of freehold land in Jasin and a further 1,357 acres of freehold land near Bandar Jasin. The sizable land bank is strategically located between Jasin Town, Melaka City and Muar, and can be easily accessed from the North-South Expressway, the Alor Gajah-Central Melaka-Jasin Highway and is well connected in all directions.

We are confident of leveraging upon our well-established reputation in Melaka to continue launching highly successful affordable home projects in the near future.

Operational Review > Property Division

CENTRAL - Perak, Selangor and Negeri Sembilan

Total Land Banks - 601 Acres

Completed	Ongoing	Future
67 Acres	141 Acres	393 Acres

Affordable Homes Completed in FY2021
288 units

Total Completed Affordable Homes to Date
1,357 units

In the Central region of Peninsular Malaysia, we have two projects that have fully completed their construction at Klebang and Meru, having contributed a total of 658 units of affordable homes between them. We are therefore focused now on three exciting ongoing projects, namely Meru 2 and 3, Rawang and Kundang Jaya, which have a total of 1,889 units of homes currently undergoing construction.

Following the success of our first foray into Meru, we have expanded our footprint in the district with our latest Meru 2 and Meru 3 projects and successfully launched a total of 304 units of double storey terrace homes in FY2021. The projects have thus far completed construction on 699 units of affordable homes, including 288 double storey terrace homes that were completed during FY2021.

We are also excited about the steady progress of our Scientex Rawang development, which possesses a great location near Rawang town and is close to matured neighbourhoods and amenities such as shopping malls, hospitals, integrated transportation, education and commercial hubs. As the 210 units of homes that we launched previously are nearing completion, we have further launched a total of 207 units of double storey terrace homes and 32 units of double storey semi-detached homes in FY2021, with all units fully sold to date. The total units under construction within this project are 449 units.

Subsequent to our successful acquisition of 166 acres of development land in Kundang Jaya in December 2019, we have once again quickly progressed forward in our development with the launch of 1,136 units in FY2021. This includes 670 units of double storey terrace homes and 466 units of 2.5 storey terrace homes. The launch of these units was very well received by the market, with more than 85% sold so far and keen inquiries still being received.

We are confident of our growth in Selangor, especially within the Kundang Jaya district. We have already completed the purchase of an additional parcel of land measuring 19 acres, which is currently undergoing planning for its impending launch, and are also in the process of acquiring another 22-acre land bank in the district.

The two parcels of land that we highlighted in our FY2020 report as pending completion, namely a 109-acre plot in Seremban and a 139-acre parcel in Cheras, have been successfully finalised this year and we look forward to bringing you updates on our planned developments within those regions in upcoming reports.

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

Artist's impression of 3 storey terrace house in Kundang Jaya, Selangor

NORTHERN - Penang and Kedah

Total Land Banks - 341 Acres

Completed	Ongoing	Future
–	87 Acres	254 Acres

We are pleased to report significant progress on our first Northern development in Penang, which is strategically located in Tasek Gelugor within the Seberang Perai Utara district. This project spans over 180 acres of prime freehold land, located close to various educational, healthcare and recreational amenities, and has great accessibility and connectivity.

Our Property Division vision of delivering 50,000 units of affordable homes by 2028 has served to enhance our collaboration with the Penang State Government, who have a similar vision to improve the quality of life and provide comfortable and adequate housing to people in the state.

Our Scientex Tasek Gelugor development featured the first landed two storey affordable home in Penang. Its Show House Opening Ceremony, which was held in March 2021, was officiated by Y.A.B. Tuan Chow Kon Yeow, the Chief Minister of Penang, while YB. Jagdeep Singh Deo, the State Housing, Local Government and Town & Country Planning Chairman, and YBhg. Dato' Sr Hj Rozali Bin Mohamud, the Mayor of Seberang Perai City Council MBSP, were also present.

The launch was a great success with almost all the 382 units of affordable double storey terrace homes sold. Having gotten off to a strong start early in FY2021, we further launched another 979 units, bringing us to a total of 1,361 units of affordable double storey terrace homes launched during the year.

With the response to our affordable homes in Penang having been so positive thus far, we have also committed to acquire an additional parcel of 343 acres of land at Sungai Dua. The parcel of land, which is also in the Tasek Gelugor district, will effectively more than double our land banks within the state as we aim to leverage on the strong reputation that we have built to spearhead our growth in the coming years.

In line with our Cross Boundary Development Strategy we are pleased to report that we officially made our first foray into the state of Kedah in FY2021. We have completed the acquisition of a 162 acre of prime freehold land in Sungai Petani, Kedah that will be ideal for the development of affordable quality homes within green and tranquil surroundings for many local Kedahans and out-of-state homebuyers who are working in the surrounding vicinities.

Centrally located and surrounded by amenities such as hypermarkets, shopping centers, sports and recreation facilities as well as education and health facilities, Scientex Sungai Petani is set to be a desirable self-contained township featuring freehold double storey terrace homes and commercial units.

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

Grand launch in Tasek Gelugor, Penang

Operational Review > Property Division

NEW LAND ACQUISITIONS PENDING COMPLETION

SUNGAI DUA, PENANG	
Land Title	Freehold
Land Size	343 acres
Description	Strategically located approximately 3km from our existing Scientex Tasek Gelugor development. Easily accessible from the north through Jalan Pongsu Seribu – Jalan Gelugor, from the west through Jalan Pokok Sena – Jalan Permatang Indah and from the east through Jalan Kubang Menerong – Jalan Gelugor. Easy access to North-South Expressway via Sungai Dua.

EMPOWERING OUR PEOPLE TO ADOPT ONLINE PLATFORMS AND DIGITAL TOOLS

Even before the pandemic began, our property team had remained cognisant of the shift towards greater use of online communication platforms and digital tools occurring within the property development sector. Thus, when the pandemic continued to disrupt our ability to meet customers face-to-face to provide information or sign agreements, we quickly adapted to empower our sales teams to function optimally.

Our digital engagement framework now includes the implementation of virtual meetings and presentations conducted over Zoom, fully virtual showrooms on our corporate website, scheduled virtual talks on specific projects held on our social media channels, as well as 'going live' on social media to interact with customers and address their questions and queries.

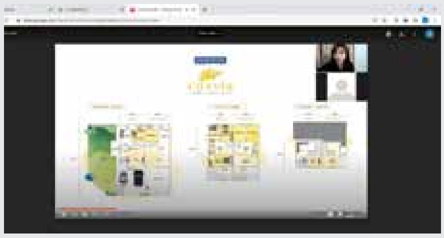
Leveraging on the five popular key social media platforms, namely Facebook, WhatsApp, Instagram, Twitter and TikTok, we are able to effectively communicate with potential buyers on a platform of their choosing, while also using these mediums to constantly keep our fanbase updated with the latest updates and product offerings. Our presence on Facebook is especially strong, with many of our developments having hundreds of thousands of followers, and our #Scientex hashtag having been used extensively on Facebook, Twitter and Instagram platform.

We are also pleased with our adoption of digital tools that enable us to conduct business efficiently while strictly adhering to COVID-19 related protocols.

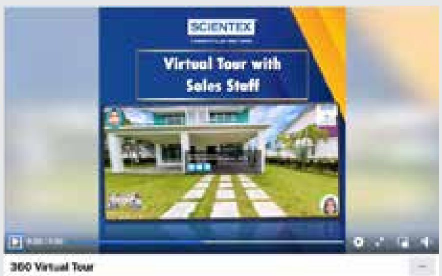
Virtual engagement extends reach to wider customer base amidst restriction imposed on physical meetings

Booking through social media

Virtual live presentation



Zoom engagement with customers



Virtual property tour

Our **Sustainability Journey**

COMMITTED TO SUSTAINABILITY FOR VALUE CREATION

We are committed in contributing to sustainable development and believe that sustainable practices are vital to our ability to deliver continued value for our stakeholders while powering our growth as a business.

OVERVIEW

At Scientex, sustainability forms a key consideration in our business strategies, guiding our development of affordable housing for a better quality of life and packaging solutions to support the circular economy for plastic.

Stepping up our commitment to sustainability as a global organisation, we published our first standalone Sustainability Report in FY2021, containing in-depth analysis of our sustainability performance in relation to Environmental, Social and Governance (ESG) issues material to the Group and our stakeholders.

The report provides a more holistic analysis of sustainability at Scientex compared to publications of previous years, placing focus on our environmental initiatives to reduce resource usage and emissions, in addition to the Group-wide policies and procedures we have put in place to enshrine responsible and ethical practices across our Group and our supply chain.

The report has been prepared in compliance with the Bursa Malaysia Main Market Listing Requirements, the second edition of the Bursa Malaysia Sustainability Reporting Guide and the Global Reporting Initiative Standards ("GRI Standards"): Core Option for sustainability reporting, with disclosures aligned to the United Nations Sustainable Development Goals (UN SDGs).

SCOPE AND BOUNDARY

Our Sustainability Report 2021 discloses the sustainability initiatives and commitments of Scientex as a whole, covering our Malaysian and international subsidiaries across our businesses of Packaging and Property, and excluding joint ventures and associates of the Group.

REPORTING PERIOD

The disclosures contained in our Sustainability Report 2021 cover the reporting period from 1 August 2020 to 31 July 2021 ("FY2021"), unless otherwise stated.

AVAILABILITY

Please visit our corporate website - www.scientex.com.my - to download our Sustainability Report 2021.

Our Approach **to Sustainability**

EMBEDDING SUSTAINABILITY IN OUR BUSINESS PROCESSES

By embedding long-term strategic sustainability thinking into each of our well-established business processes, we are able to deliver synergistic outcomes that generate shared value for our stakeholders, communities and the planet while enhancing our competitive advantages as a business. The table below details each of these processes and their outcomes across our dual core businesses.

PACKAGING DIVISION

DEVELOP	PROCURE	PRODUCE	SELL
SUSTAINABLE PROCESSES			
• Research and development of sustainable packaging solutions • Co-creating products with our customers	• Centralised procurement of raw materials • Sourcing of sustainable raw materials	• Investing in advanced, energy-efficient production machinery • Efficient production planning • Upholding best practices in water usage, waste and effluent management	• Engaging with customers to understand their long-term sustainability objectives • Maintaining efficient and time-tested distribution channels and methods
SUSTAINABLE OUTCOMES			
• Products offering improved recyclability and reduced material usage • Sustainable products innovated and co-created with customers	• Reduced emissions from transportation due to centralised procurement • Accessibility to sustainable raw materials	• Reduced material use, energy use and waste generation • Using recycled resin as a production input • Recycling of plastic waste and conversion of non-recyclable waste to Processed Engineered Fuel	• Continuous increase in sustainable products sold • Reduced energy usage and emissions related to product distribution • Continuous expansion of our market base

PROPERTY DIVISION

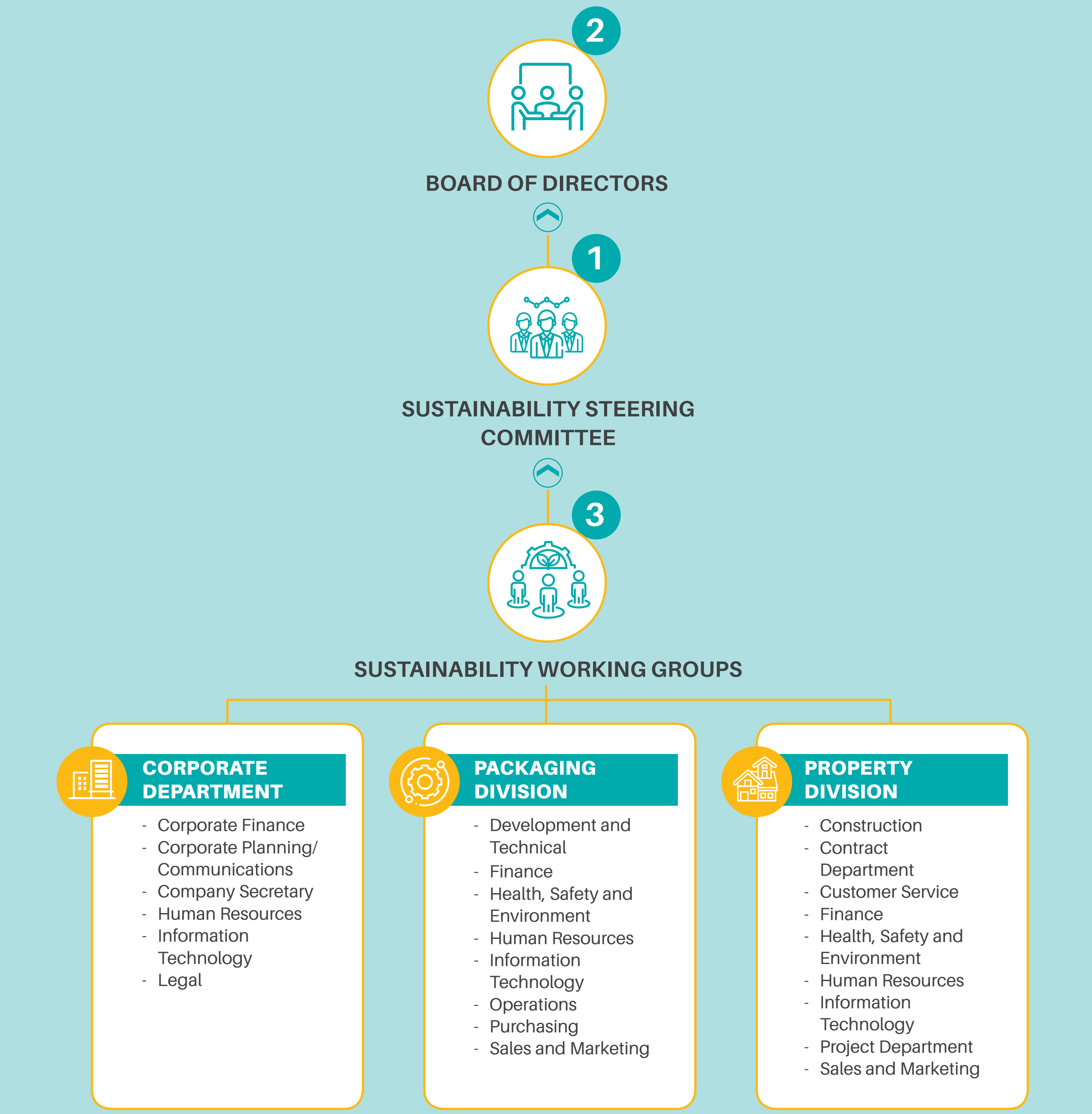
ACQUIRE	PLAN	LAUNCH	BUILD
SUSTAINABLE PROCESSES			
• Expanding land bank acquisition across state lines • Identifying suitable land banks at competitive prices	• Efficient land use planning and house design • Developing plans that incorporate connectivity and transport infrastructure to larger population hubs, and encourage job creation within communities • Inclusion of green space and recreation facilities	• Adopting digital channels to promote our developments • Adopting systematic online procedures for property purchase, especially during this COVID-19 pandemic	• Utilising the IBS construction technique • Adopting good practices in waste and effluent management • Reusing materials in construction and across multiple construction sites • Optimising logistics planning to minimise emissions
SUSTAINABLE OUTCOMES			
• Home ownership enabled for a broader cross-section of middle-to-lower-income Malaysians • Cost effective acquisition of land banks, with savings passed on to home owners	• Creation of townships that cater to holistic economic and social needs • Improved quality of life for residents • North-south building orientation reduces the heat exposure of the houses	• Providing equal opportunity for affordable home ownership to Malaysians of all backgrounds • Enhanced convenience and safety for potential home buyers	• Improved employee safety due to use of IBS construction technique • Reduced waste generation due to material reuse and use of IBS construction technique

Our **Sustainability Governance**

GOVERNING SUSTAINABILITY AT ALL LEVELS OF OUR BUSINESS

Governance of sustainability at Scientex is predicated on the need to effectively monitor processes and implement strategies across our varied and geographically diverse business presence.

To achieve this, a three-tiered governance structure endows shared responsibility for sustainability from Board to subsidiary level, with the most central role in this structure played by the Sustainability Steering Committee. This structure is detailed and elaborated on below.



(Composition of working groups are determined based on the specific needs of sustainability topics and their associated initiatives)

Our Sustainability Governance

1

The Sustainability Steering Committee ("SSC")

- The SSC comprises members of the EXCO and is led by the Managing Director/Chief Executive Officer, Mr Lim Peng Jin
- Provides leadership and drives the process of identifying potential sustainability topics through regular engagements with stakeholders and staff at the departmental or subsidiary level
- Tables potential topics to the Board for their consideration based on these engagements
- Develops strategies for topics, including the nomination of a specific working group to execute and monitor these strategies
- Sets key performance indicators for the management of the strategies identified, specifically involving data management systems, reporting processes and internal control mechanisms
- Spearheads the development of sustainability related policies which govern sustainability practices across the Group

2

Board of Directors ("Board")

- Assumes overall responsibility for and oversight of the Group's sustainability agenda, including the identification of sustainability topics, setting of objectives, and establishing of policies and practices
- Nominated by the Nomination and Remuneration Committee, who is also responsible for evaluating the Board's performance on sustainability issues through a peer evaluation process
- Our Managing Director/Chief Executive Officer, Mr Lim Peng Jin, spearheads the sustainability responsibilities of the Board

3

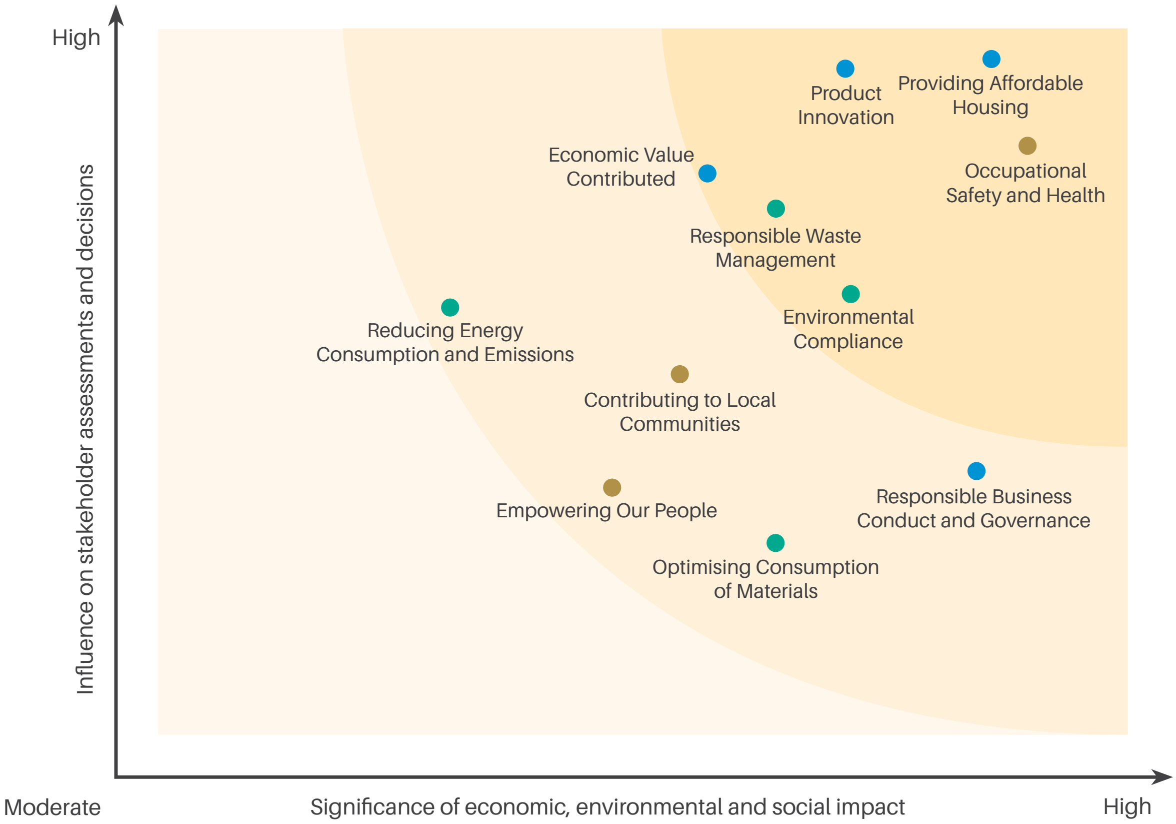
Sustainability Working Groups

- Working groups may comprise representatives from any of the departments and divisions within the Group, and are appointed on a topic-by-topic basis, depending on the needs of the topic and its attendant initiatives
- Responsible for ensuring the smooth implementation of strategies formulated by the SSC at the subsidiary and business division level, and reporting the outcomes of these strategies to the SSC in monthly management meetings
- Continually monitor sustainability initiatives, maintaining proper records to facilitate regular reviews of sustainability management procedures and overall performance
- Act as a conduit between the SSC and individual departments and subsidiaries, providing an avenue for staff members to highlight and elevate potential sustainability issues for consideration

EXPANDING OUR SUSTAINABILITY AGENDA

Recognising our increasing footprint as a fast-growing organisation, we expanded the number of sustainability topics disclosed in our FY2021 report from five to eleven, with more detailed disclosure on our efforts to drive sustainability in the environmental sphere and across our supply chain.

The materiality matrix below maps each topic's significance in terms of economic, environmental and social impact against its influence on stakeholder assessments and decisions.



CLASSIFYING OUR SUSTAINABILITY TOPICS

Each of the sustainability topics selected are classified under one of our three sustainability pillars: Creating Shared Sustainable Value, For the Betterment Of The Environment and Our People, Our Pride.

CREATING SHARED SUSTAINABLE VALUE	FOR THE BETTERMENT OF THE ENVIRONMENT	OUR PEOPLE, OUR PRIDE
• Responsible Business Conduct and Governance • Providing Affordable Housing • Product Innovation • Economic Value Contributed	• Responsible Waste Management • Optimising Consumption of Materials • Reducing Energy Consumption and Emissions • Environmental Compliance	• Occupational Safety and Health • Empowering Our People • Contributing to Local Communities

Our Sustainability **Performance**

The analysis below is a summary of the topic-level disclosures contained within our full Sustainability Report 2021.

Sustainability Topics	Why It Matters To Us	Our Approach	Outcomes in FY2021
Responsible Business Conduct and Governance	We have a responsibility to uphold high standards of business conduct, including through a zero-tolerance approach towards unethical actions and activities, to perpetuate the trust and confidence of our investors, customers and other stakeholders.	• Introduction of an expansive Group-wide governance framework including our Code of Ethics, Code of Conduct for Suppliers and Anti-Bribery and Anti-Corruption Policy (ABAC Policy) • Introduction of anti-corruption measures based on the "T.R.U.S.T" principles • Updating our Whistleblowing Policy to further safeguard against unethical behaviour • Introduction of additional digital channels to communicate policies to all relevant stakeholders	• ABAC Policy successfully communicated to 100% of board members, senior management, middle management and executives and 100% of suppliers with annual supply value in excess of RM50,000 • Zero instances of corruption, bribery or unethical business conduct reported or investigated
Providing Affordable Housing	Providing access to affordable quality housing is central to our purpose as a company. It serves both our continued business expansion and our social responsibilities.	• Use of standardised building designs and layouts to optimise use of space and drive down cost • Use of the IBS construction technique for enhanced speed, quality and safety of construction • Continued landbank expansion across Peninsular Malaysia to provide affordable quality housing to more home buyers and support government initiatives	• Completed 3,766 affordable homes in FY2021 • 25,297 affordable homes completed by our Property Division since its founding
Product Innovation	Product innovation drives expanded capacity, improved efficiency and enhanced product value - our three Drivers of Growth. We also innovate to reduce resource consumption, energy use and waste.	• Continued investment in new machinery, technological advancements such as automation, and other factory enhancements • Leveraging on intra-Group collaboration to develop improved and more sustainable base films and multi-layered flexible plastic packaging solutions for customers • Continued development of downgauged films and packaging products to enhance resource and cost efficiency for our industrial market customers • Continued development of fully recyclable and compostable packaging solutions for our consumer market customers • Introduction of process improvements that reduce use of materials and waste generation, improve energy efficiency and drive additional production efficiencies	• 224 innovations developed • 36 innovations successfully commercialised

Our Sustainability Performance

Sustainability Topics	Why It Matters To Us	Our Approach	Outcomes in FY2021
Economic Value Contributed 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES	We are long-term residents in our markets of operation, and our presence should serve to improve livelihoods and support local economies in a sustained and meaningful way.	• Continued distribution of economic value to local and federal governments, shareholders, suppliers, business partners and our workforce in line with our commitment to sustainable development • Contributions to local communities through corporate social responsibility activities	• RM3.03 billion in economic value distributed to suppliers, business partners, shareholders, employees and governments, including: - RM277.0 million in salaries and benefits - RM139.6 million in dividends - RM116.8 million in taxes • RM639.6 million in economic value retained
Responsible Waste Management 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	The world is generating increasing amounts of waste and, as a responsible corporation, we have a responsibility to introduce circular and low-waste solutions.	• Introducing Group-wide Environmental Policy including a detailed waste management framework • Installation of recycling machines to turn recyclable plastic waste into resin for reuse in production • Continued refinement and improvement of our effluent and waste management procedures • Development of fully recyclable flexible plastic packaging structures, contributing to the circular economy for plastic. • Further development of our 3R initiatives and 'Back to Earth' food composting programme to drive employee awareness and participation in 3R	• Total tonnage of non-hazardous plastic waste generated is 5.5% of the total tonnage of our output (12.7% YoY reduction) • 1,318 MT of scheduled (hazardous) waste (4.2% YoY reduction) *All outcomes disclosed above cover plastic waste generated by the Packaging Division.
Optimising Consumption of Materials 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	By developing products that require less materials and introducing circular economy solutions, we can mitigate the impact of our production processes on the environment.	• Introducing Group-wide Environmental Policy which includes detailed guidance on material and resource utilisation • Installation of recycling machines at our manufacturing plants to recycle plastic recyclable waste for reuse in production • Ongoing exploration of PCR as an input in our production processes • Continued development of downgauged films to reduce raw material usage • Continued refinement of the IBS construction technique to improve precision and reduce material wastage in construction • Use of eco-friendly lightweight construction blocks to reduce material usage • Reuse of materials wherever practicable across both of our dual core businesses	• 909,900 m^3 of water consumed across the Group (11.3% YoY reduction) • Water consumption intensity of 237.0 m^3/RM Million revenue for the Group (14.7% YoY reduction) • Recycled materials constitute 6.9% of total materials used in our Packaging Division • 1st plastic film manufacturer in Malaysia to receive The International Sustainability and Carbon Certification (ISCC) Plus Certification for traceability of PCR throughout the supply chain

Our Sustainability Performance

Sustainability Topics	Why It Matters To Us	Our Approach	Outcomes in FY2021
Reducing Energy Consumption and Emissions	With the acceleration of climate change, the onus is on us, as a major manufacturer and property developer, to adopt low carbon energy technologies and introduce energy efficient production technologies.	• Introducing Group-wide Environmental Policy and Code of Conduct for Suppliers, including guidance on energy and emissions best practices • Introducing a new Nano 67-layer cast stretch film line, yielding a 15% improvement in energy efficiency during production • Improvement in the performance of our blown film lines for Form Fill Seal (FFS) bags, unlocking 50% higher output with improved energy efficiency • Transition to low-energy lighting across both of our dual core businesses • Continued exploration of other process improvements for energy efficiency in the production of plastic packaging	• 284,000 MWh of electricity consumed across the Group (8.3% YoY reduction) • Our Group-wide energy intensity is 74.0 MWh/RM Million revenue (11.9% YoY reduction) • 111,617 million BTU of natural gas consumption in our Packaging Division (4.3% YoY reduction) • 158,800 MT of CO_2e emissions (Scope 1 and 2) across the Group (8.2% YoY reduction) • Our Group-wide GHG emissions intensity (Scope 1 and 2) is 41.4 MT CO_2e/RM Million revenue (11.7% YoY reduction)
Environmental Compliance	Upholding compliance with all applicable environmental regulations in the regions where we operate, while at the same time holding our supply chain to a similarly high standard of responsibility, is key to minimising our environmental impact and maintaining our reputation as a responsible corporate citizen.	• Introducing Group-wide Environmental Policy, stipulating specific practices required to achieve our environmental targets, with a focus on Energy and Emissions, Waste, Resource Utilisation and Biodiversity • Remaining in compliance with all relevant environmental laws and regulations in the various jurisdictions where we operate • Continued attendance at training courses and seminars to remain up-to-date on the latest environmental rules and regulations • Continued undertaking of Environmental Impact Assessments (EIA) for all property projects of 50 hectares or more, identifying risks related to the environment	• Code of Conduct for Suppliers communicated to all suppliers with an annual supply volume exceeding RM50,000 • More than 7,000 trees and shrubs planted • Presented in industry webinars related to the sustainability of the packaging industry organised by the Federation of Malaysian Manufacturers and the MPMA

Sustainability Topics	Why It Matters To Us	Our Approach	Outcomes in FY2021
Occupational Safety and Health	Providing our workforce with a safe and secure work environment enhances productivity and the sustainability of our business.	• Introducing Group-wide Safety and Health Policy outlining key areas of occupational safety and health • Continued refinement of our OSHA management systems to ensure compliance at all plants and development sites to local laws and regulations • Continued adherence to measures that drive balanced representation from employer and employees in OSHA committees • Maintenance of a comprehensive work-related hazards and risk management plan that enhances safety and security in the workplace • Continued provision of employees' training programmes related to occupational safety and health • Refurbished living quarters, halls and kitchen for employees close to various manufacturing plants and development sites • Compliance to all COVID-19 protection measures at our business premises, in addition to adoption of additional personal safety and employee welfare measures	• Two manufacturing plants were accredited with ISO 45001:2018 certification for occupational safety and health • 100% of all workplaces represented by the respective OSHA committee that consist of a mix of employer and employee representatives • Across our operations, incidents recorded include: - 45 major accidents - 84 minor accidents • 1 fatal injury • 98% of our workforce in Malaysia have been fully vaccinated as of 30 September 2021
Empowering Our People	Human capital is one of our key long-term success factors. By retaining a high-performing, committed and diverse workforce through attractive remuneration, benefits packages and career advancement opportunities, we empower the continued achievement of our growth targets and the progressive development of practices and initiatives that provide greater environmental and social benefit.	• Introducing Group-wide Code of Ethics, outlining the principles and practices by which we deal with our employees and in adherence to the principle of non-discrimination and ethical practices • Continued optimisation of remuneration and benefits offered to employees to improve talent retention • Continued provision of employment opportunities to local Malaysians in line with the national agenda of cultivating local talent • Continued engagement of employees through various channels including performance reviews, quarterly rolling budget (QRB) dialogues and open-door policy for communication • Providing training and development programmes based on the specific needs and circumstances of employees	• 3,600 employees in total as of FY2021 • Local employees comprise 78% of our workforce • 13,654 hours of training undertaken by our employees • Zero incidents of non-compliance to our employment practices and standards recorded

Our Sustainability Performance

Sustainability Topics	Why It Matters To Us	Our Approach	Outcomes in FY2021
Contributing to Local Communities	We have the opportunity and responsibility to drive positive, sustainable development for local communities through the employment opportunities we provide, developments and townships we create and local initiatives that we launch.	• Allocating funds for activities, including school-based programmes, that promote the values and practices of sustainable living • Aiding the fight against COVID-19 at the community level through donations to frontliners • Providing sustained employment and career advancement opportunities to members of local communities • Expanding our affordable housing footprint throughout Peninsular Malaysia to reach Malaysians in the middle-to-lower-income segments • Developing townships that provide a wider range of services, encourage job creation and provide improved connectivity to larger population hubs, thereby enhancing community resilience and improving quality of life	• RM5.3 million spent on initiatives in response to COVID-19 for FY2021 and up to 30 September 2021 • Continued to invest in a wide range of community initiatives which provide for essential and medical needs, promote environmental awareness and enhance access to resources for education and physical health

Our **Corporate Governance**

OUR INTEGRATED GOVERNANCE STRUCTURE

With our operations increasingly spread over multiple jurisdictions and areas of specialisation, maintaining synergy in alignment with our corporate values, business processes and Drivers of Growth is key to maximising the positive impact we can make as a Group.

Our integrated governance structure delivers this synergy, centralising high-level planning while empowering teams from across our dual core businesses to provide industry-relevant input to strategic processes.

THE ROLE OF THE SCIENTEX EXECUTIVE COMMITTEE

Our integrated structure is driven by the EXCO, which is led by the Group's Managing Director/CEO and comprises key decision makers from the Packaging Division, Property Division and Corporate Department.

The EXCO is charged with overseeing and providing direction to the Group's strategic planning, resource allocation, governance, community building and stakeholder engagement to ensure long-term, continuous growth alongside the creation of shared and sustainable value.

THE SCIENTEX EXECUTIVE COMMITTEE

Comprising representatives from:

Property Division | Packaging Division | Corporate Department

Strategic Goal Planning and Review

> Establishing short, medium and long-term targets and action plans
> Setting, establishing and reviewing strategic plans and objectives across the Group's business divisions

Strategic Resource Planning and Allocation

> Identifying focus areas for growth and expansion
> Allocating financial and non-financial capital to meet growth areas identified
> Identifying non-performing operations and re-allocating resources accordingly

Governance, Compliance and Stakeholder Engagement

> Formulating and overseeing long-term policies and approaches to promote sustainability and sound governance, guided by stakeholder engagements
> Promoting a culture of good corporate governance and compliance within Group
> Formulating and overseeing robust governance and risk management framework, backed by internal control systems, policies and procedures

Nurturing the Scientex Community

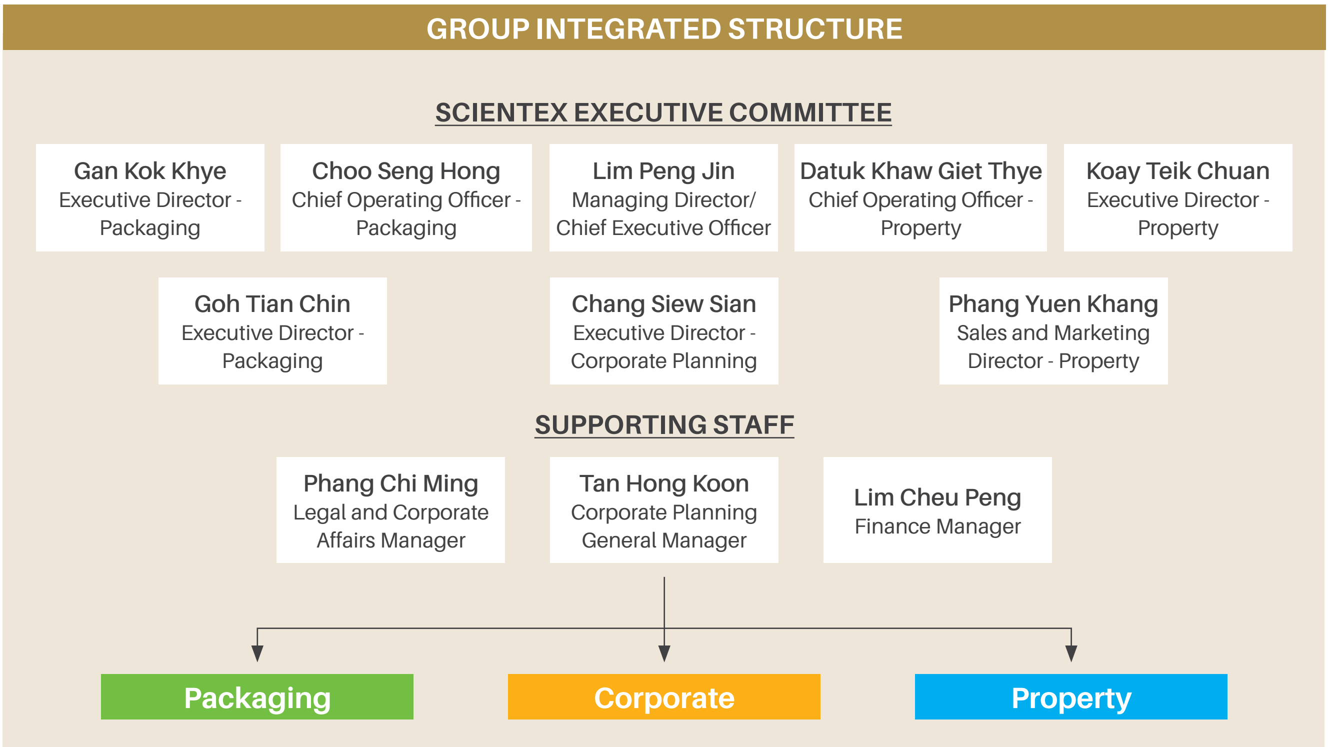
> Cultivating a Healthy, Friendly and Happy work environment
> Promoting a culture of openness and transparency, based on mutual trust and respect
> Formulating and overseeing strategies to drive continuous professional and personal development
> Driving the implementation of best practices in sustainability across the ESG spectrum

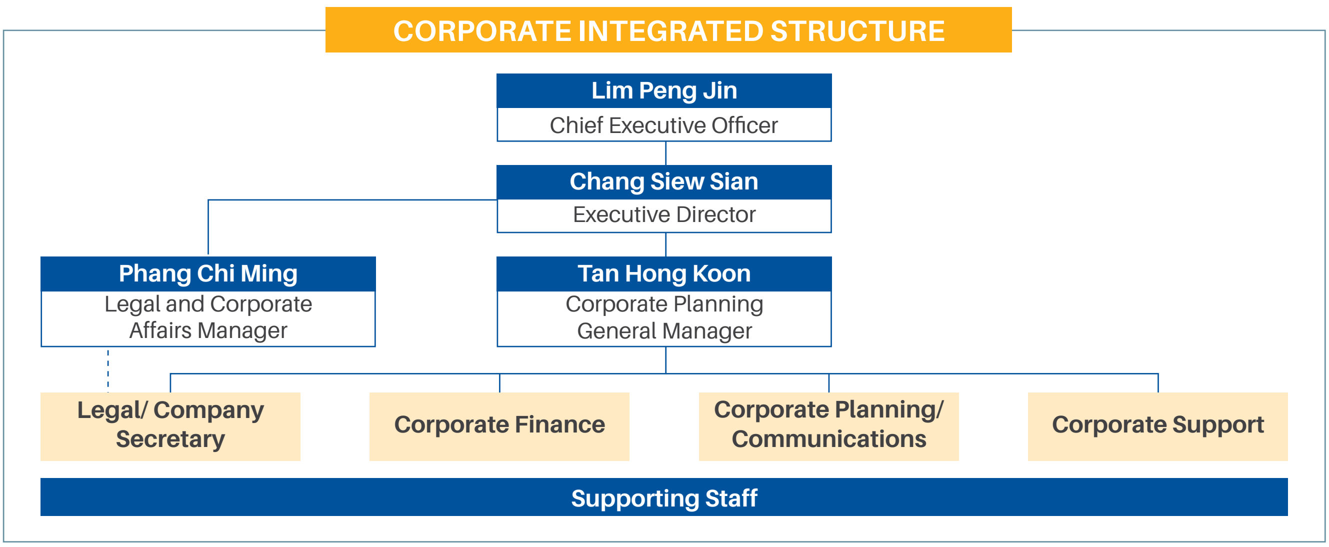
Our Integrated Governance Structure

DRIVING INTEGRATION ACROSS OUR GROUP

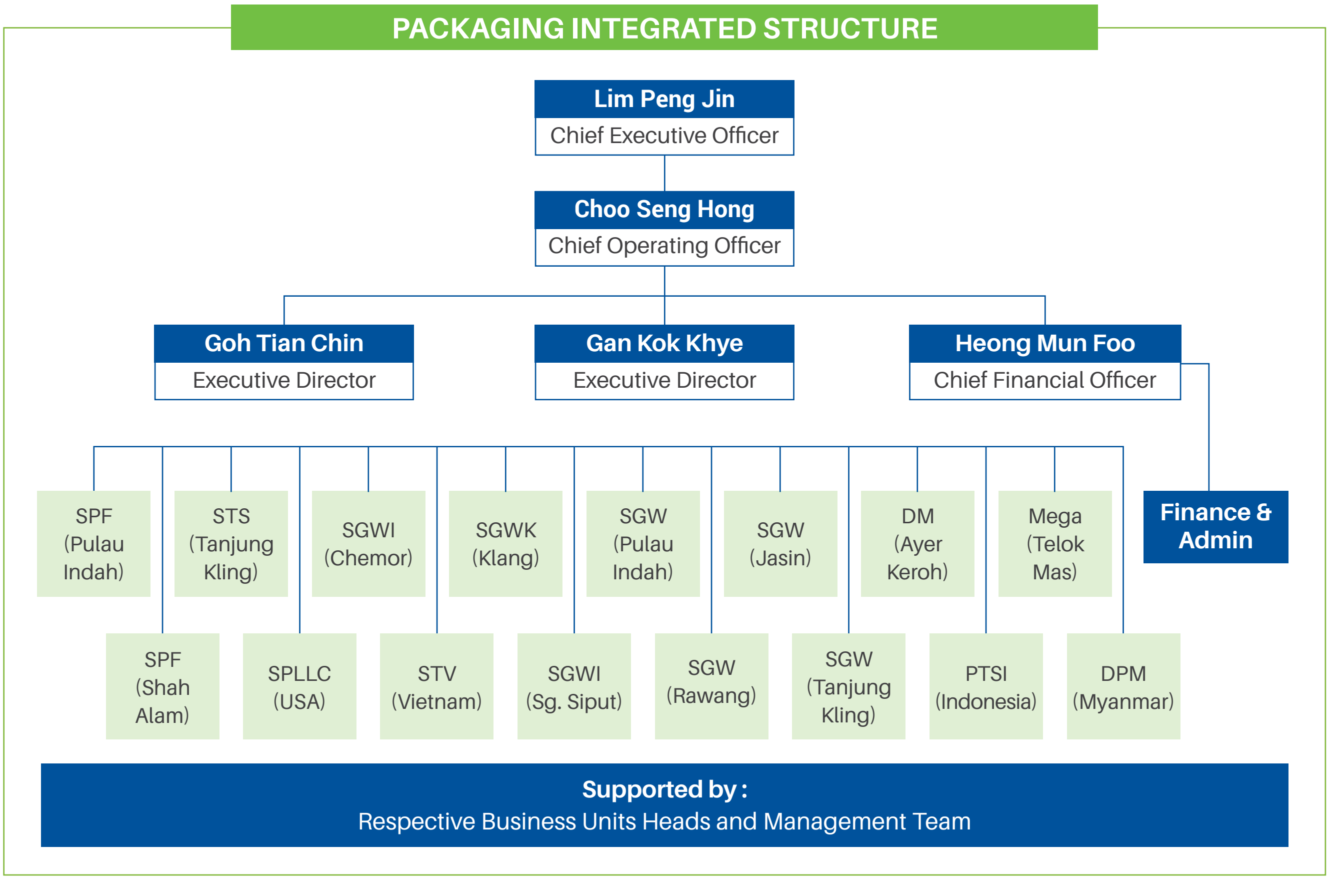
Our integrated approach to governance extends across the Group, with our Managing Director/CEO and other key members of the EXCO also holding Director-level positions in our Corporate Department, Packaging Division and Property Division. This structure, as detailed below, means that Group-level strategies can be translated and implemented efficiently, aided by well-established departmental support structures that span our wide geographical and sectoral reach.

Ultimately, our integrated and EXCO-led governance structure empowers more cohesive and synergistic decision-making in addition to improved resource allocation. This enables our teams to rapidly respond to changing business circumstances, drive enhanced efficiencies and entrench competitive advantages in their respective markets.

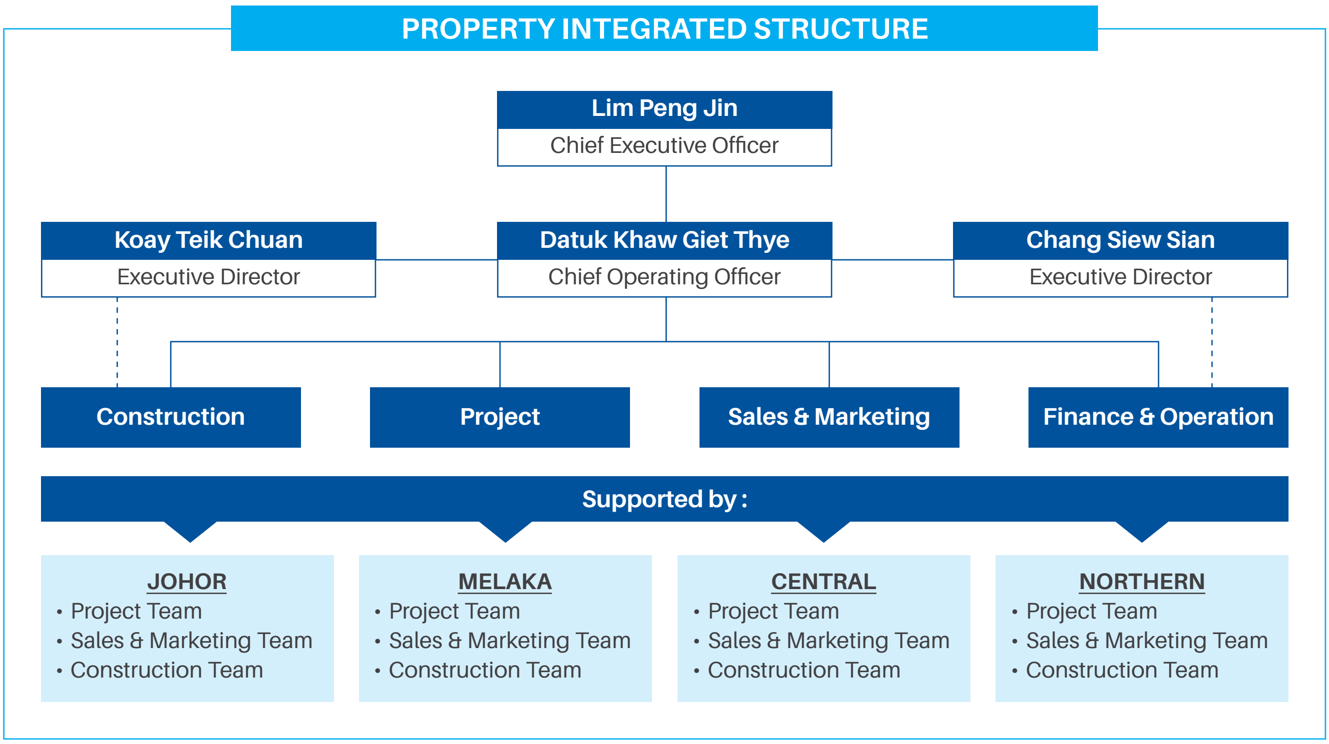




Our Integrated Governance Structure



Note: Please refer to Note 16 to the Audited Financial Statements of the Company for the financial year ended 31 July 2021 for abbreviations of subsidiaries' names.



Our Integrated Governance Structure

DELIVERING GOOD CORPORATE GOVERNANCE

The Board of Directors strongly advocate and support the principles of good corporate governance.

To aid in the effective discharge of the Board's governance remit, certain responsibilities of the Board are delegated to Board Committees. During FY2021, the Board was assisted by the following Board Committees:

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

The roles of each of these committees are detailed below:

Board Committees

Audit Committee

- Conduct thorough and independent reviews of financial information and the Group's internal controls and audit
- Make recommendations to the Board regarding the appointment of external auditors and related matters

Chairperson
Wong Chin Mun
Members
- Dato' Noorizah Binti Hj Abd Hamid
- Ang Kim Swee

Nomination & Remuneration Committee

- Propose Board nominees
- Assess performance of Directors on an ongoing basis
- Guide the Group's remuneration policy and procedural framework
- Make recommendations to the Board regarding Directors' remuneration and benefits

Chairperson
Ang Kim Swee
Members
- Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
- Wong Chin Mun

Risk Management Committee

- Oversee the Group's risk management framework and policies
- Assist the Board in identifying key business risks and implementing controls and mitigation plans

Chairperson
Dato' Noorizah Binti Hj Abd Hamid
Members
- Lim Peng Jin
- Ang Kim Swee

For more detailed descriptions of the roles of each of our Board Committees, please visit our corporate website.

PROFILES OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT

For full profiles of all members of the Scientex Board of Directors and key management team, kindly refer to 'Our Leadership' from 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 the stakeholders are protected.

In addition, the Group is committed to good Environmental, Social and Governance (ESG) practices and works towards embedding sustainability into its business processes - from its policies, social impact initiatives to its day-to-day operations, to deliver continuous business growth that considers the development of communities and the preservation of the environment. Disclosure on the Group's sustainability efforts are presented in its inaugural Sustainability Report 2021, which contains in-depth analysis of its sustainability performance in relation to ESG matters material to the Group and its stakeholders, as well as its support towards the United Nations Sustainable Development Goals.

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 2021 ("FY2021"). This Statement should be read in conjunction with the CG Report 2021 of the Company ("CG Report") which disclose the application of all practices set out in the MCCG 2017 during FY2021. The prescribed CG Report is accessible at www.scientex.com.my/investors-relations/announcements/.

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 together with management takes responsibility for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets. The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of 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 and accessible at www.scientex.com.my/corporate-governance/.

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 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 Committees meetings.

During FY2021, the Board has reviewed and adopted the following revised and/or new policies and codes to serve as references for the Scientex Community to conduct business in a sustainable manner, in adherence to the applicable laws and regulations and high ethical principles. These documents define the Group's commitments towards the relevant issues and are periodically reviewed to ensure relevance and applicability. The following policies and codes are accessible at www.scientex.com.my/corporate-governance/:-

Corporate Governance Overview Statement

Policies/Codes		Description
New	Environmental Policy	A policy to define Scientex's commitments towards environment stewardship and awareness across its business and operations
	Safety and Health Policy	An overall guide on safety and health measures and commitments of Scientex
	Code of Conduct For Supplier	Guiding principles to ensure suppliers are aware and committed to Scientex's sustainability principles
	Code of Ethics	A code to guide business choices and conduct in adherence to applicable laws and regulations and high ethical principles
Revised	Anti-Bribery and Anti-Corruption Policy	A policy that sets out Scientex's position on bribery and corruption and detail out the responsibility for observing and upholding such commitment
	Whistleblowing Policy	A policy to guide and inform the basics of Scientex's whistleblowing procedures

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"). None of the members of the Board is a former key audit partner of the external auditors of the Company. Mr Wong Chin Mun was appointed as the Senior INED of the Company on 6 October 2017 and he acts as an intermediary between the Company and the shareholders if the shareholders have concerns that have not been addressed through the channels provided.

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. Each of the Board Committees is chaired by an INED who is not the Chairman of the Board. 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 Board through the NRC has conducted the annual peer and self-assessments on the effectiveness of the Board and Board Committees, evaluation of the individual performances of Directors, as well as reviewed the independence of Independent Directors and the following matters via questionnaires. The board will engage an independent expert to facilitate objective and candid board effectiveness evaluations as and when necessary.

(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: -

- fulfilment 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 has received any performance-based remuneration or share-based incentives from the Company and the Group;
- whether INEDs able to exert considerable influence on the Company's financial standing; and
- other criteria such as directorships in other listed issuers and public companies, any family relationship with Directors or major shareholders, any conflict of interest he/she has with the company, interest in securities in the Company and their attendence of the Board and Board Committees meetings during the financial year.

The NRC has determined that all INEDs have remained objective and independent. Each of the INED 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 has reviewed and satisfied with the independence, composition, skills and expertise, term of office and overall performance of the AC. The NRC also through AC reviewed the objectivity, independence, competency, professionalism and resource capacity of the external and internal auditors.

(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 Directors' fees of RM130,000 for 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 FY2021 will be tabled at the forthcoming Fifty-Third Annual General Meeting ("AGM") of the Company ("53rd 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, Dato' Noorizah Binti Hj Abd Hamid and Mr Lim Peng Cheong, who are standing for re-election at the forthcoming 53rd AGM had indicated their intentions to seek for re-election. Having considered their past contribution and attendance at the Board and Board Committees meetings as well as other criteria such as directorships on other listed issuers and public companies, possibility of any conflict of interest he/she has with the Company, the Board recommended their re-election to be approved by the shareholders at the forthcoming 53rd 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.

At the beginning of the year, the Board and Board Committees will schedule the meetings according to the availability of the members and convene 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 and Board Committees meetings are conducted based on a formal agenda on matters to be discussed with adequate time allocated for deliberation. The Chairman of the Board and the Chairperson of the respective Board Committees chair the meetings with proper record of minutes kept by the Company Secretary. The draft minutes of the Board and Board Committees meetings are made available to all the members of the Board and Board Committees before the confirmation of minutes at the next meeting. The attendance of the members of the Board and the Board Committees during FY2021 were as follows: -

Corporate Governance Overview Statement

	No. of Meetings Attended/ Total No. of Meetings Held			
Name of Director	**Board**	**AC**	**NRC**	**RMC**
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim *(Chairman)*	4/4*	N/A	1/1	N/A
Lim Peng Jin *(Managing Director/Chief Executive Officer)*	4/4	N/A	N/A	2/2
Lim Peng Cheong *(Non-Independent & Non-Executive Director)*	4/4	N/A	N/A	N/A
Wong Chin Mun *(Senior Independent Non-Executive Director)*	4/4	5/5*	1/1	N/A
Dato' Noorizah Binti Hj Abd Hamid *(Independent Non-Executive Director)*	4/4	5/5	N/A	2/2*
Ang Kim Swee *(Independent Non-Executive Director)*	4/4	5/5	1/1*	2/2

Remarks:
** Chairperson of the Board/ Board Committees*
N/A – Not applicable/ not the member of the respective Board Committees

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 development. The Board has approved a budgeted amount set aside for all the 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 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 FY2021 and any other changes to the regulatory environment such as amendments to Listing Requirements of Bursa Securities, implementation of Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), Companies Act 2016 as well as publications from Securities Commission Malaysia.

During FY2021, 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	- Sustainable and Responsible Investment (SRI) Virtual Conference 2021 - Paving the Way for Profitability through Sustainability
Lim Peng Jin	- AI and its applications in different businesses - Leading with an Infinite Mindset - The Future Leader (9 Skills and Mindsets to Succeed in the Next Decade) - The Map: What Makes Great Companies Tick - Current Trends in Blockchain, Crypto and Its Applications - Managing Stress in this pandemic times: a) The root causes of stress b) How to apply specific strategies for reducing stress at individual and organizational levels

Directors	Title of Training Programmes/Seminars/Conferences/Forums
Lim Peng Cheong	- Deloitte TaxMax – the 46th Series Seminar: Towards the Future with Confidence - Corporate Liability Training on the Malaysian Anti-Corruption Commission Act 2009 - Sustainable and Responsible Investment (SRI) Virtual Conference 2021 – Paving the Way for Profitability through Sustainability
Wong Chin Mun	- The Economics of Remote Work - 2020 Vistage Culture Tightness & Looseness Survey Findings - Leading with an Infinite Mindset - RCEP (Regional Comprehensive Economic Partnership Agreement): a) How Will RCEP Impact The Regional and Malaysian Economy? b) The Legal and Commercial Implications of the RCEP. - The Map: What Makes Great Companies Tick - Current Trends in Blockchain, Crypto and Its Applications - Cultivating a Positive Organizational Culture in Remote Working Environments
Dato' Noorizah Binti Hj Abd Hamid	- Risk Management and Risk Governance in the New Normal - Considerations for Boards - Leadership Energy Summit Asia 2020 (LESA.2020) - IERP Global Conference 2020 - Enterprise Risk Management: When Irrationality Meets Disruption - Malaysia and ASEAN: Navigating China-US relations in the 21st Century - From Integrated Reporting to Integrated Thinking - Implementing Amendments in the Malaysian Code on Corporate Governance - Rising Above Covid19 - Reimagining work in Malaysia & beyond - Khazanah Megatrend Forum 2021- The Invention of Tomorrow
Ang Kim Swee	- Audit Committee Conference 2021 - Agility, Empathy & Resilience: How Audit Committee Will Thrive in the New Normal

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 FY2021 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 FY2021.

Corporate Governance Overview Statement

	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	-	120	-	-	120	4,860	120	5,015	1,778	11,773
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 53rd AGM.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC 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 experiences and equipped with the required business skills. The profile of the AC members is stated in the Integrated Annual Report 2021 and is accessible at www.scientex.com.my/board-of-directors/.

The summary of activities carried out by AC in discharging its function and duties for FY2021 is disclosed in the 'Audit Committee Report' of this Integrated Annual Report on page 104.

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' interest and the Group's assets.

The Board is assisted by RMC and the AC in the oversight of overall risk management and internal control systems of the Group. The RMC reviewed risks identified by business owners and considered its potential impact to the Company and the Group as well as raised issues of concern and provided feedback for managements actions. Risk related matters which warranted the attention of the Board were highlighted by the RMC to the Board and matters or decisions made within the RMC's purview were escalated to the Board for its notation. The Internal Audit Department supports 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 system in place.

The Board is also supported by the Scientex Executive Committee ("EXCO"), which is chaired by the Managing Director/ Chief Executive Officer and comprises senior management personnel from both Packaging and Property Divisions 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.

Read more

- *Key Risks and Mitigation > page 51*
- *Statement on Risk Management and Internal Control > page 101*
- *Audit Committee Report > page 104*

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

By engaging constructively with the stakeholders, it has allowed the Group to understand their needs, address their expectation and managed the risks which were then mapped against with the sustainability topics of the Group in order to provide context to their actual or potential effect on environmental, economic, social and governance outcomes. The Group's efforts to strengthen the relationship with stakeholders are reflected in "Key Stakeholder Engagement" at page 39.

Corporate Governance Overview Statement

CONDUCT OF GENERAL MEETINGS

General meetings serve as an important communication channel for shareholders. Notice of general meetings will be sent to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days prior to the meeting where any special resolution is to be proposed or where it is an AGM, together with the integrated 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 53rd AGM has been issued 28 days before the AGM date. The notice and administrative notes of meeting are published in the Company's corporate website and accessible at www.scientex.com.my/investors-relations/agm-egm/. The notice of general meeting is also advertised in a nationally circulated English daily newspaper.

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 including the poll voting result will be announced to Bursa Securities on the same day after the meetings are concluded and the announcement is accessible at www.scientex.com.my/investors-relations/announcements/ or via www.bursamalaysia.com/market_information/announcements/company_announcement.

At the general meetings, shareholders are given opportunity and sufficient 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 concerning the 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 in the Company's corporate website and is accessible at www.scientex.com.my/investors-relations/agm-egm/. 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.

Due to the outbreak of COVID-19 pandemic, the Company had conducted its 52nd AGM and Extraordinary General Meeting ("EGM") virtually in year 2020 through live streaming and online voting using the Remote Participation and Voting ("RPV") facilities. The virtual meetings had enabled shareholders to participate remotely and safely from wherever they were. A shareholder who was not able to participate in the AGM/EGM was given the option of appointing a proxy to participate remotely and vote online on his/her behalf. Shareholders are allowed to send pre-meeting questions prior to the AGM/EGM or type question in the text box provided during the virtual meetings. The responses to the pre-meeting questions were shown on screen for shareholders' reference.

In view of the persistent COVID-19 situation due to new Delta variant, the Company will conduct its forthcoming general meeting in full compliance with the standard operating procedures issued by the relevant authorities and take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

CURRENT KEY FOCUS AREAS AND FUTURE PRIORITIES IN RELATION TO CG

For FY2021, the Company focused on enhancing its disclosures in the Integrated Annual Report 2021 as well as Sustainability Report 2021 to communicate the value creation story to the stakeholders effectively and creating linkages from the revised policies and additional disclosures on the environmental, economic, social and governance. 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 newly implemented best practices of MCCG 2021.

This CG Overview Statement was approved in accordance with the resolution of the Board on 15 October 2021.

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' interest 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 internal control system put in place can only provide reasonable but not absolute assurance against material misstatements or loss. The significant areas covered by the Group's internal control system 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 the Scientex Executive Committee ("EXCO"), which is chaired by the Managing Director/ Chief Executive Officer and comprises senior management personnel from both Packaging and Property Divisions 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.

Read more

➤ *Key Risks and Mitigation > page 51*

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department ("IAD") to support the AC and the Board. The Head of 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. IAD 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 of 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.

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, policies and procedures 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.

Statement On Risk Management And Internal Control

- The RMC was established on 19 June 2014 and led by an Independent Director who is not the Chairman of the Board. The members of the RMC comprise two (2) Independent Directors and the Managing Director/ Chief Executive Officer. The fundamental role of the RMC is to report to the Board and render appropriate advice and recommendations on material risk issues and to review risk management system for 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, policies and processes across the Group as well as to oversee the risk management aspect of the Group so as to identify, assess, evaluate, respond, monitor and report any significant risk to the RMC. The respective business owners are responsible for setting up risks registers in accordance with the Enterprise Risk Management Framework and reporting identified risks and the progress of action plans 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. For more details, please refer to the Board Charter and terms of reference of respective board committees at www.scientex.com.my/corporate-governance/.

- Policies and codes have been developed to conduct business in a sustainable manner, in adherence to the applicable laws and regulations and high ethical principles. These documents define the Group's commitments towards the relevant issues and are periodically reviewed to ensure relevance and applicability.

- The functional control framework has been documented in the "Internal Control Guidelines" of the Packaging and Property Divisions respectively which set out various key controls and process requirements across all functions, including but not limited to the main areas of financial risks. It provides management 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 subsidiaries of the Group are required to prepare budgets and business plans for the coming year. The Group practices a Quarterly Rolling Budget system which covers all the key divisions/business units of the Group. For effective monitoring and review of performance, actual monthly and quarterly performance 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 members of the Board are invited to join the annual Quarterly Rolling Budget Dialogue to stay abreast with and understand the Group's strategies, business plans, risks and opportunities.

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

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 shareholders' interest and 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 15 October 2021.

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 2021 ("FY2021").

AC MEMBERS

The AC is led by the Senior Independent Non-Executive Director who is not the Chairman of the Board. The AC comprises three (3) members, all of whom are Independent Non-Executive 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 *(Senior 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 FY2021. These meetings were held on 17 September 2020, 21 October 2020, 17 December 2020, 9 March 2021 and 23 June 2021 respectively. The details of attendance of each member who served the AC during FY2021 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

The Executive Directors, Senior Managements, External Auditors, other Board Members and the Company Secretary were invited to attend the meetings, as and when necessary.

SUMMARY OF ACTIVITIES OF THE AC

The functions and duties of the AC are set out in its terms of reference and available on the Company's corporate website at www.scientex.com.my/corporate-governance/. In discharging its functions, duties and responsibilities, the AC has undertaken the following activities during FY2021: -

(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 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, Malaysian Code on Corporate Governance 2021, the Listing Requirements and the additional disclosures and reporting requirements arising thereto.

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.

During the financial year, the Company Secretary updated the AC on the regulatory/statutory requirements and pronouncements such as amendments to Listing Requirements of Bursa Securities and publications from Securities Commission Malaysia.

(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 work, objectivity, professionalism and the independence of the external auditors. The AC assessed the external auditors annually via questionnaire.

For FY2021, 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 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 FY2021. Pursuant thereto, the AC has recommended to the Board for re-appointment of Deloitte PLT as the 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 during the review of the audited financial statements for both FY2020 and FY2021 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 audit works.

(iii) Internal Auditors

The AC has reviewed and approved the internal audit plan for year 2021 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 general controls of information technology system, quality assurance, inventory and fixed assets, receivables cycle, scheduled waste management and worker's accommodation of certain key business units of the Group during the AC meetings held in FY2021. 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.

The Audit Committee assessed the objectivity, independence, competency and resource capacity of the internal auditors annually via questionnaire to ensure that the internal audit function is effective and able to function independently.

(iv) Scientex Berhad Share Grant Plan

The seventh batch allocation of shares to the eligible employees of the Company and its subsidiaries under the Scientex Berhad Share Grant Plan ("SGP") was vested on 5 October 2020. 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 FY2021, 988,000 SGP shares have been granted and vested to the eligible employees based on their employment grade and achievement of performance targets for FY2020 as well as their performance and contribution to the Group.

(v) Others

The AC also: -

a) 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.

b) Reviewed and reported to the Board on any related party transactions, recurrent related party transactions and conflict of interest that may arise.

c) 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 Integrated Annual Report 2020. 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 2021 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 plan. 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 business units in accordance with the internal audit plan, by interviewing the relevant personnel, observing the working environment and procedures of the business 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 addressed 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 FY2021 amounted to RM861,000.

This Audit Committee Report is made in accordance with the resolution of the Board on 15 October 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. 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 FY2021 are as follows: -

Type of Services / External Auditors		Fees (RM'000)	
		Company	Group
Audit	: Deloitte PLT	42	634
	: Deloitte PLT's Affiliates	-	101
	: Other Auditors	-	291
	Total Audit Fees	42	1,026
Non-Audit	: Deloitte PLT	8	247
	: Deloitte PLT's Affiliates	5	1,255
	Total Audit and Non-Audit Fees	55	2,528

The non-audit services include the following :

i) tax compliance and advisory services;
ii) sustainability and integrated reporting services; and
iii) due diligence in relation to corporate exercises.

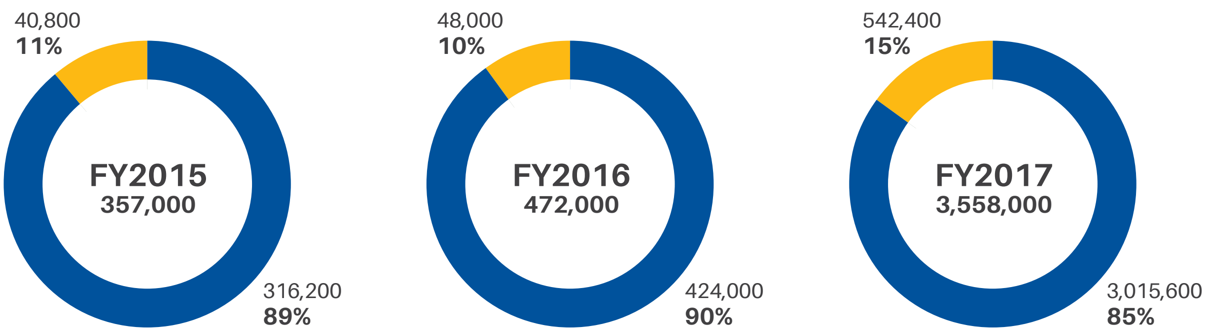
2. Material Contracts involving Directors' and Major Shareholders' Interest

There were no material contracts entered into by or subsisting between the Company and/or its subsidiaries involving Directors' and major shareholders' interests during FY2021.

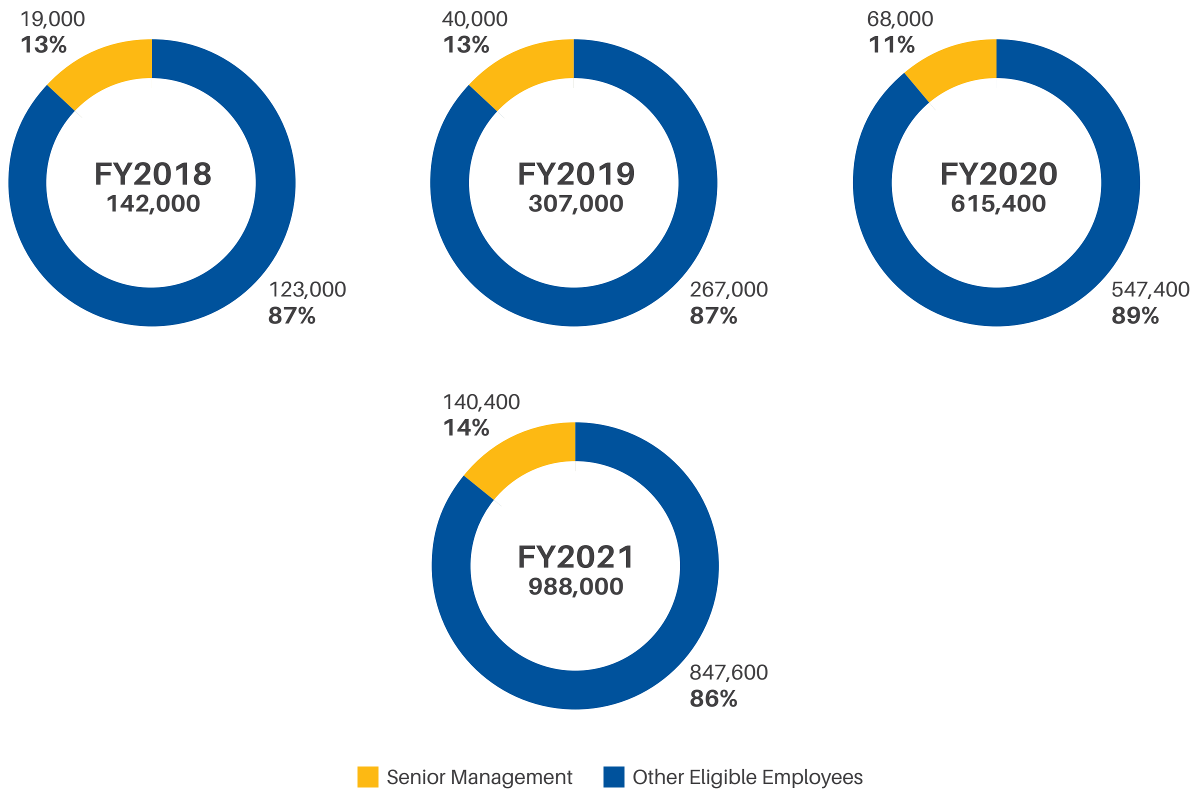
3. Scientex Berhad Share Grant Plan

Under the Scientex Berhad Share Grant Plan ("SGP") which is the only share issuance scheme of the Company in FY2021, the Group granted and vested 988,000 new ordinary shares to the eligible employees of the Company and its subsidiaries during FY2021. None of the ordinary shares were granted or vested to the Directors of the Company under the SGP.

Details of the number of SGP ordinary shares granted, vested and outstanding since the commencement of the SGP on 21 January 2014 to FY2021 are set out below: -



Additional Compliance Information



Based on the By-Laws of the SGP, the total number of ordinary 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 ordinary 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 ordinary shares to be issued under the SGP; and
iii) Not more than 50% of the ordinary 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 2021, 14% and 14% of the SGP ordinary shares have been granted and vested to the senior management during FY2021 and since the commencement of the SGP respectively.

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 FY2021.

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 2021.

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	485,776	212,630
Profit attributable to:		
Owners of the Company	457,233	212,630
Non-controlling interests	28,543	-
	485,776	212,630

In the opinion of the directors, the results 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.

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 2020:	
Single tier final dividend of 13 sen per ordinary share declared on 17 December 2020 and paid on 13 January 2021*	67,192
In respect of the financial year ended 31 July 2021:	
Single tier interim dividend of 4 sen per ordinary share declared on 23 June 2021 and paid on 23 July 2021	62,027
	129,219

* *Before the 2 for 1 bonus issue which was completed on 15 January 2021.*

The directors had on 29 September 2021 proposed a single tier final dividend of 5 sen per ordinary share amounting to approximately RM77,533,000 in respect of the financial year ended 31 July 2021. The proposed single tier final dividend is subject to the approval of the 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 2022.

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 the number of issued shares from 515,876,872 ordinary shares to 1,550,656,129 ordinary shares by way of:

(a) new issue of 988,000 ordinary shares at an issue price of RM11.34 pursuant to the Scientex Berhad Share Grant Plan;

(b) bonus issue of 1,033,729,544 ordinary shares on the basis of 2 bonus shares for every 1 existing ordinary share; and

(c) new issue of 61,713 ordinary shares pursuant to the exercise of 61,713 warrants at the exercise price of RM4.30 per warrant.

ISSUE OF SHARES (CONT'D)

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.

As at 31 July 2021, the total number of issued shares of the Company was 1,550,656,129 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 2021, the Company held a total of 100 ordinary shares as treasury shares out of its 1,550,656,129 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.

ISSUE OF WARRANTS

On 15 January 2021, the Company issued 103,372,778 free warrants on the basis of 1 warrant for every 5 existing ordinary shares held. The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 January 2021.

The warrants are constituted by the deed poll dated 17 December 2020. The salient terms of the warrants are as disclosed in Note 26(c) to the financial statements.

During the financial year, the Company issued 61,713 ordinary shares pursuant to the exercise of 61,713 warrants at the exercise price of RM4.30 per warrant. As at 31 July 2021, the total number of unexercised warrants was 103,311,065.

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 988,000 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 RM11.34 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.

Continued

OTHER STATUTORY INFORMATION (CONT'D)

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.

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
Datuk Lim Kok Boon
Yasuo Nagae
Frengky
Tadaaki Koyama
Takeshi Nishimura
Tan Lian Kung
Kaoru Watanabe
Chih Chien May (Chi Jingmei)
Tan Yong Hee
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
Lim Jian You*
Wong Chee Kheong^
Lew Wan Hong @ Law Wan Hong^
Ng Boon Eu^

Continued

DIRECTORS (CONT'D)

* Appointed during the financial year.
^ Resigned during the financial year.

DIRECTORS' INTERESTS

The interests in shares and warrants 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 1.8.2020	Bonus Issue*	Bought	Sold	Balance as at 31.7.2021
Shares in the Company					
Direct interests					
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	88,880	177,760	-	(10,000)	256,640
Lim Peng Jin	2,414,524	4,829,048	68,460	-	7,312,032
Lim Peng Cheong	50,000	100,000	54,800	-	204,800
Ang Kim Swee	131,000	272,000	77,000	-	480,000
Wong Chin Mun	81,000	162,000	-	-	243,000
Deemed/Indirect interests					
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	230,000	460,000	-	-	690,000
Lim Peng Jin	285,216,278	574,377,156	6,412,000	(684,600)	865,320,834
Lim Peng Cheong	272,093,090	547,630,780	7,126,880	(1,156,600)	825,694,150
Ang Kim Swee	6,000	32,000	72,000	-	110,000
Shares in a subsidiary, Daibochi Berhad					
Direct interest					
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	-	17,500	-	17,500

* *Number of ordinary shares issued and allotted pursuant to the bonus issue on the basis of 2 bonus shares for every 1 existing ordinary share held.*

	Number of warrants				
	Balance as at 1.8.2020	Free Warrant^	Bought	Sold	Balance as at 31.7.2021
Warrants in the Company					
Direct interests					
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	17,776	-	-	17,776
Lim Peng Jin	-	482,904	-	-	482,904
Lim Peng Cheong	-	10,000	-	-	10,000
Ang Kim Swee	-	27,200	-	-	27,200
Wong Chin Mun	-	16,200	-	-	16,200
Deemed/Indirect interests					
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	46,000	-	-	46,000
Lim Peng Jin	-	57,437,713	-	-	57,437,713
Lim Peng Cheong	-	54,763,073	-	-	54,763,073
Ang Kim Swee	-	3,200	-	-	3,200

^ *Number of warrants issued and allotted pursuant to the issuance of free warrants on the basis of 1 warrant for every 5 existing ordinary shares held.*

Continued

DIRECTORS' INTERESTS (CONT'D)

Lim Peng Jin and Lim Peng Cheong by virtue of their interests in shares and warrants in the Company are also deemed to have interests in shares and warrants 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 and warrants or beneficial interest in the shares and warrants 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 36 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, OFFICERS AND AUDITORS

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.

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 17 and 40 to the financial statements.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 July 2021 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
15 October 2021

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 2021 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 119 to 191.

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 2021, 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 according to the stage of completion of the properties. 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 completed, 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 selected 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, 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 2021, the Group recorded goodwill amounting to RM332,176,000 which arose from various acquisitions of subsidiaries during the 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 Matters

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
15 October 2021

Statements of Profit or Loss

For the financial year ended 31 July 2021

		The Group		The Company	
	Note(s)	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue	5	3,655,966	3,518,601	181,694	98,849
Cost of sales	6	(2,812,578)	(2,713,680)	-	-
Gross profit		843,388	804,921	181,694	98,849
Other income		16,007	13,978	33,244	4,441
Selling and distribution expenses		(105,236)	(95,023)	-	-
Administration expenses		(153,239)	(141,455)	(2,350)	(3,351)
Other expenses		(581)	(32,966)	(42)	(7,738)
Finance costs	7	(11,139)	(16,345)	(4)	-
Share of results of associates and joint venture	18 & 19	11,761	11,152	-	-
Profit before tax	8	600,961	544,262	212,542	92,201
Income tax (expense)/credit	11	(115,185)	(126,236)	88	1,647
Profit for the year		485,776	418,026	212,630	93,848
Profit for the year attributable to:					
Owners of the Company		457,233	390,114	212,630	93,848
Non-controlling interests		28,543	27,912	-	-
		485,776	418,026	212,630	93,848
Earnings per share					
Basic and diluted (sen per share)	12	29.50	25.22		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Other Comprehensive Income

For the financial year ended 31 July 2021

	The Group		The Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit for the year	485,776	418,026	212,630	93,848
Other comprehensive (loss)/ income, net of income tax:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation of foreign operations	(11,777)	13,719	-	-
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)
Other comprehensive (loss)/ income for the year, net of income tax	(11,777)	49,973	-	6,071
Total comprehensive income for the year, net of income tax	473,999	467,999	212,630	99,919
Total comprehensive income attributable to:				
Owners of the Company	452,446	433,753	212,630	99,919
Non-controlling interests	21,553	34,246	-	-
	473,999	467,999	212,630	99,919

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

As at 31 July 2021

		The Group		The Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	1,382,668	1,322,579	42,434	43,054
Right-of-use assets	14	5,126	7,477	-	-
Investment properties	15	16,900	16,900	-	-
Investment in subsidiaries	16	-	-	878,202	774,202
Land held for property development	17	1,283,660	972,973	-	-
Investment in joint venture	18	14,149	24,602	10,000	22,500
Investment in associates	19	85,224	46,548	3,000	3,000
Other investments	20	24,525	28,593	23,692	20,597
Deferred tax assets	31	15,552	18,970	-	-
Goodwill	21	332,176	338,077	-	-
		3,159,980	2,776,719	957,328	863,353
Current Assets					
Property development costs	17	411,533	340,416	-	-
Inventories	22	386,958	354,017	-	-
Trade receivables	23	684,947	559,792	-	-
Other receivables, deposits and prepaid expenses	24	206,048	155,065	86	84
Tax recoverable		7,059	1,182	-	-
Cash and cash equivalents	25	243,308	413,244	2,660	1,996
		1,939,853	1,823,716	2,746	2,080
TOTAL ASSETS		5,099,833	4,600,435	960,074	865,433

Statements of Financial Position

As at 31 July 2021 - continued

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	703,250	691,782	703,250	691,782
Reserves	27	2,192,413	1,869,610	240,996	158,034
Equity attributable to owners of the Company		2,895,663	2,561,392	944,246	849,816
Non-controlling interests		201,545	194,260	-	-
Total Equity		3,097,208	2,755,652	944,246	849,816
Non-Current Liabilities					
Borrowings	28	300,950	357,337	-	-
Lease liabilities	29	3,363	5,291	-	-
Retirement benefits obligations	30	42,145	39,032	8,155	7,820
Deferred tax liabilities	31	84,905	89,893	6,781	6,897
		431,363	491,553	14,936	14,717
Current liabilities					
Borrowings	28	818,847	683,723	-	-
Lease liabilities	29	4,617	4,133	-	-
Trade payables	32	523,026	443,040	-	-
Other payables and accrued expenses	33	185,183	181,427	884	896
Tax liabilities		39,589	40,907	8	4
		1,571,262	1,353,230	892	900
Total Liabilities		2,002,625	1,844,783	15,828	15,617
TOTAL EQUITY AND LIABILITIES		5,099,833	4,600,435	960,074	865,433

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes In Equity

For the financial year ended 31 July 2021

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 owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 August 2019	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	-	-	-	-	-	-	-	(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
As at 1 August 2020	691,782	(1)	90,719	15,465	461	1,762,966	2,561,392	194,260	2,755,652
Profit for the year	-	-	-	-	-	457,233	457,233	28,543	485,776
Other comprehensive loss for the year	-	-	-	(4,787)	-	-	(4,787)	(6,990)	(11,777)
Total comprehensive income for the year	-	-	-	(4,787)	-	457,233	452,446	21,553	473,999
Exercise of warrants in a subsidiary (Note 16)	-	-	-	-	-	25	25	35	60
Issuance of ordinary shares pursuant to:									
Share Grant Plan (Note 26)	11,203	-	-	-	-	-	11,203	-	11,203
Exercise of warrants (Note 26)	265	-	-	-	-	-	265	-	265
Expenses in relation to bonus issue and issuance of free warrants (Note 26)	-	-	-	-	-	(449)	(449)	-	(449)
Dividends (Note 34)	-	-	-	-	-	(129,219)	(129,219)	(14,303)	(143,522)
As at 31 July 2021	703,250	(1)	90,719	10,678	461	2,090,556	2,895,663	201,545	3,097,208

Statements of Changes In Equity

For the financial year ended 31 July 2021 - 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 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
As at 1 August 2020	691,782	(1)	26,089	68	131,878	849,816
Total comprehensive income for the year	-	-	-	-	212,630	212,630
Issuance of ordinary shares pursuant to:						
Share Grant Plan (Note 26)	11,203	-	-	-	-	11,203
Exercise of warrants (Note 26)	265	-	-	-	-	265
Expenses in relation to bonus issue and issuance of free warrants (Note 26)	-	-	-	-	(449)	(449)
Dividends (Note 34)	-	-	-	-	(129,219)	(129,219)
As at 31 July 2021	703,250	(1)	26,089	68	214,840	944,246

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

For the financial year ended 31 July 2021

	The Group		The Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	600,961	544,262	212,542	92,201
Adjustments for:				
Depreciation of property, plant and equipment	106,833	107,405	591	872
Depreciation of right-of-use assets	3,394	3,258	-	-
Finance costs	11,139	16,345	4	-
Increase in liability for defined benefit plan	5,481	5,054	335	355
Unrealised loss/(gain) on foreign exchange	12,116	(6,648)	-	-
Share Grant Plan expense	11,203	6,006	-	-
Impairment loss on trade receivables	283	1,005	-	-
Impairment of goodwill	-	4,000	-	-
Write (back)/off of bad debts	(165)	28	-	-
Property, plant and equipment written off	1,619	4,004	29	-
Impairment of property, plant and equipment	-	10,660	-	7,651
Share of results of associates and joint venture	(11,761)	(11,152)	-	-
Interest income	(3,133)	(5,417)	(130)	(90)
Capital reduction in relation to investment in a subsidiary	-	-	(30,000)	-
Fair value gain on other investments	(3,701)	(4,423)	(3,095)	(4,352)
Fair value loss on investment properties	-	100	-	-
Dividend income	(669)	(1,042)	(181,593)	(98,729)
Reversal of impairment loss on trade receivables	(169)	(1,392)	-	-
Gain on disposal of property, plant and equipment	(257)	(325)	-	-
Write off of inventories	834	1,605	-	-
Gain on lease modification	(28)	-	-	-
Gain on bargain purchase of associate	(2,013)	-	-	-
Operating Profit/(Loss) Before Working Capital Changes	731,967	673,333	(1,317)	(2,092)
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(33,775)	(22,117)	-	-
Property development costs	196,837	93,602	-	-
Receivables	(137,916)	63,981	(2)	190
Increase/(Decrease) in payables	68,781	14,950	(11)	54
Cash Generated From/(Used In) Operations	825,894	823,749	(1,330)	(1,848)
Income tax paid	(126,732)	(109,791)	(25)	(38)
Income tax refunded	2,791	3,794	-	-
Retirement benefits obligations paid	(2,381)	(2,415)	-	-
Net Cash From/(Used In) Operating Activities	699,572	715,337	(1,355)	(1,886)

Statements of Cash Flows

For the financial year ended 31 July 2021 - continued

	The Group		The Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest received	3,133	5,417	130	90
Proceeds from disposal of property, plant and equipment	433	593	-	-
Capital reduction in relation to investment in joint venture	12,500	-	12,500	-
Capital reduction in relation to investment in a subsidiary	-	-	30,000	-
Dividend income received	3,568	13,567	181,593	98,729
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(89,931)	-	-
Additional investment in subsidiaries	-	-	(104,000)	(1,000)
Purchase of property, plant and equipment	(81,384)	(79,357)	-	-
Deposit paid for purchase of plant and equipment	(43,259)	(55,042)	-	-
Purchase of land held for property development	(546,423)	(265,817)	-	-
Deposit paid for purchase of land held for property development	(105,036)	(16,282)	-	-
Investment in associates	(20,000)	-	-	-
Purchase of other investments	-	(4,000)	-	-
Proceeds from disposal of associate	-	10,000	-	-
Net Cash (Used In)/From Investing Activities	(776,468)	(480,852)	120,223	97,819
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Net drawdown/(repayment) of short-term borrowings	85,662	(10,924)	-	-
Dividends paid to:				
Shareholders of the Company	(129,219)	(103,175)	(129,219)	(103,175)
Non-controlling shareholders of subsidiaries	(14,303)	(13,109)	-	-
Proceeds from exercise of warrants in the Company	265	-	265	-
Proceeds from exercise of warrants in a subsidiary	60	-	-	-
Net drawdown of Sukuk Murabahah	-	100,000	-	-
Repayment of lease liabilities	(3,144)	(2,824)	-	-
Finance costs paid	(19,512)	(27,310)	(4)	-
Repayment of term loans	(12,400)	(21,543)	-	-
Expenses incurred in relation to bonus issue and issuance of free warrants	(449)	-	(449)	-
Proceeds from subsidiaries in respect of Share Grant Plan	-	-	11,203	6,006
Net Cash Used In Financing Activities	(93,040)	(78,885)	(118,204)	(97,169)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(169,936)	155,600	664	(1,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	413,244	257,644	1,996	3,232
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 25)	243,308	413,244	2,660	1,996

The accompanying Notes form an integral part of the Financial Statements.

Notes to The Financial Statements

For the financial year ended 31 July 2021

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 15 October 2021.

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 amendments to MFRSs

In the current financial year, the Group has applied a number of amendments to MFRS 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 2021:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above amendments to MFRS does not have any material impact on the financial statements of the Group and of the Company in the period of its initial application.

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[4]
Amendments to MFRS 3	Reference to Conceptual Framework[3]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[4]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[2]
Amendments to MFRS 17	Insurance Contracts[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[4]
Amendments to MFRS 101	Disclosure of Accounting Policies[4]
Amendments to MFRS 108	Disclosure of Accounting Estimates[4]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[3]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[3]
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020[3]

1 *Effective for annual periods beginning on or after 1 January 2021.*
2 *Effective for annual periods beginning on or after 1 April 2021.*
3 *Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.*
4 *Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.*
5 *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 and amendments to MFRS will be adopted in the annual financial statements of the Group and the Company when they become effective. The adoption of these Standards and Amendments 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.

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.

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.

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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

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 as lessee

The Group and the Company assess whether a contract is or contains a lease, as of the inception of the contract. The Group recognises right-of-use assets and the corresponding lease liabilities 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 liabilities are 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 Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities 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 liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) 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 liabilities are 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 liabilities are 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 liabilities are 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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, 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 right-of-use assets, the costs are included in the related right-of-use assets, 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 assets are 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	20% - 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 right-of-use assets are 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 liabilities and the right-of-use assets. 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 in the statements of profit or loss.

The Group and the Company as lessor

The Group enters into lease agreements as a lessor with respect to some of its land and buildings.

Lease for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant lease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

(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.

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

<u>Short-Term Employee Benefits</u>

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.

<u>Post-Employment Benefits</u>

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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

Post-Employment Benefits (cont'd)

(b) Defined Benefit Plan (cont'd)

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.

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, and interests in joint ventures, 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 is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred Tax (cont'd)

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.

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 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. Long-term leasehold land and 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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories (cont'd)

Materials and goods (cont'd)

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.

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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

(ii) Classification and Subsequent Measurement (cont'd)

(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.

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. ECL 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). ECL are discounted at the effective interest rate of the financial asset.

Lifetime ECL represent 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 are 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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

(iii) Impairment of financial assets and contract assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

(iii) Financial liabilities (cont'd)

Financial liabilities at FVTPL (cont'd)

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
- 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.

Continued

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.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Property development projects (cont'd)

As at 31 July 2021, the Group recognised revenue of RM1,086,875,000 (2020: RM919,288,000) and cost of RM685,286,000 (2020: RM566,815,000), arising from the property development activities recognised over time using the stage of completion method.

Valuation 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, and the 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 and profit 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 mainly arose from the Group's packaging segment as a result of 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.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers:				
Sale of goods	2,491,481	2,551,141	-	-
Property development:				
Sale of properties under development	1,086,875	919,288	-	-
Sale of completed properties	76,205	46,795	-	-
Management fees from associate	120	120	120	120
	3,654,681	3,517,344	120	120
Revenue from other sources:				
Rental income	639	620	-	-
Gross dividends from:				
Subsidiaries	-	-	179,026	93,592
Joint venture	-	-	-	4,500
Associate	-	-	1,902	-
Unquoted shares outside Malaysia	646	637	646	637
	1,285	1,257	181,574	98,729
	3,655,966	3,518,601	181,694	98,849
Timing of revenue recognition				
Revenue from contracts with customers:				
At a point in time	2,567,686	2,597,936	-	-
Over time	1,086,995	919,408	120	120
	3,654,681	3,517,344	120	120

6. COST OF SALES

	The Group	
	2021 RM'000	2020 RM'000
Cost of inventories sold:		
Manufacturing	2,082,614	2,116,691
Completed properties	44,678	30,174
Property development costs (Note 17(b))	685,286	566,815
	2,812,578	2,713,680

Continued

7. FINANCE COSTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expenses on:				
Sukuk Murabahah	10,475	12,366	-	-
Revolving credits	7,448	11,901	4	-
Bankers acceptances	611	984	-	-
Onshore foreign currency loans	293	578	-	-
Term loans	229	962	-	-
Lease interest	456	519	-	-
	19,512	27,310	4	-
Less: Amount capitalised in land held for property development	(8,373)	(10,965)	-	-
Total finance costs	11,139	16,345	4	-

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss/(Gain) on foreign exchange:				
Realised	(11,535)	24,854	42	86
Unrealised	12,116	(6,648)	-	-
Rental of:				
Buildings	1,222	1,029	-	-
Machinery and equipment	953	969	-	-
Auditors' remuneration:				
Statutory audit	1,026	937	42	32
Other services	247	225	8	8
Remuneration of other professional services rendered by affiliates of auditors	1,255	267	5	5
Write (back)/off of bad debts	(165)	28	-	-
Property, plant and equipment written off	1,619	4,004	29	-
Impairment of property, plant and equipment	-	10,660	-	7,651
Impairment of goodwill	-	4,000	-	-
Fair value loss on investment properties	-	100	-	-
Interest income	(3,133)	(5,417)	(130)	(90)
Rental income	(3,378)	(3,628)	-	-
Fair value gain on other investments	(3,701)	(4,423)	(3,095)	(4,352)
Capital reduction in relation to investment in a subsidiary	-	-	(30,000)	-
Gain on bargain purchase of associate (Note 19)	(2,013)	-	-	-
Gain on disposal of property, plant and equipment	(257)	(325)	-	-
Gain on lease modification	(28)	-	-	-
Write off of inventories	834	1,605	-	-
Dividend income	(23)	(405)	(19)	-

Continued

9. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2021 RM'000	2020 RM'000
Wages, salaries and other emoluments	224,985	240,971
Contributions to defined contribution plan	19,810	19,965
Increase in liability for defined benefit plan (Note 30)	5,481	5,054
Share Grant Plan	11,203	6,006
Social security contributions	2,180	2,078
	263,659	274,074

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 988,000 (2020: 615,400) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	9,875	9,770	-	300
Defined contribution plan	1,778	1,759	-	54
Fees	120	120	120	120
	11,773	11,649	120	474
Non-executive:				
Fees	610	610	610	610
	12,383	12,259	730	1,084

Continued

11. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense:				
Malaysian income tax	102,784	115,746	29	29
Foreign tax	7,375	7,452	-	-
Real property gain tax	2,518	-	-	-
Withholding tax	1,829	1,500	-	-
Under/(Over)provision in prior years	2,249	(2,358)	(1)	-
	116,755	122,340	28	29
Deferred tax (Note 31):				
Current year	8,984	4,513	(116)	(2,220)
(Over)/Underprovision in prior years	(10,554)	(617)	-	544
	(1,570)	3,896	(116)	(1,676)
	115,185	126,236	(88)	(1,647)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	600,961	544,262	212,542	92,201
Tax at statutory tax rate of 24% (2020: 24%)	144,231	130,623	51,010	22,128
Tax effects of:				
Non-taxable income	(4,458)	(2,289)	(51,546)	(24,740)
Different tax rates in other countries	(4,664)	(4,392)	-	-
Share of results of associates and joint venture	(2,823)	(2,677)	-	-
Non-deductible expenses	7,251	7,855	449	421
Recognition of deferred tax arising from reinvestment allowances	(6,876)	(1,184)	-	-
Utilisation of capital allowances and other deductible temporary differences previously not recognised	(57)	(333)	-	-
Utilisation of reinvestment allowances	(6,821)	-	-	-
Reversal of deferred tax due to disposal of lands	(6,640)	-	-	-
Deferred tax assets not recognised	-	108	-	-
Real property gain tax	2,518	-	-	-
Withholding tax	1,829	1,500	-	-
Under/(Over)provision in prior years:				
Income tax	2,249	(2,358)	(1)	-
Deferred tax	(10,554)	(617)	-	544
	115,185	126,236	(88)	(1,647)

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	
	2021 RM'000	**2020 RM'000**
Profit for the year attributable to owners of the Company	457,233	390,114

	The Group	
	2021 Units '000	**2020 Units '000**
Weighted average number of ordinary shares in issue	1,550,039	1,546,923

	The Group	
	2021	**2020**
Basic EPS (sen)	29.50	25.22

Diluted earnings per share

Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the financial year does not exceed the exercise price of the warrants.

The weighted average number of ordinary shares in issue and earnings per share for the previous financial year ended 31 July 2020 have been adjusted to reflect the bonus issue which was completed on 15 January 2021. Further details are disclosed in Note 26(a).

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 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	-	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	-	-	-	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

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 2020	158,814	154,144	284,486	1,968	1,626,585	77,295	19,762	29,265	2,352,319
Additions	1,287	4,816	19,722	-	132,725	2,060	813	8,687	170,110
Disposals	-	-	(16)	-	(4,386)	(27)	(1,164)	-	(5,593)
Written off	-	-	(960)	-	(32,386)	(1,766)	-	-	(35,112)
Reclassification	-	-	989	-	8,131	366	-	(9,486)	-
Exchange differences	4	(21)	(135)	-	(1,512)	(312)	(11)	(241)	(2,228)
As at 31 July 2021	160,105	158,939	304,086	1,968	1,729,157	77,616	19,400	28,225	2,479,496
Accumulated depreciation									
As at 1 August 2020	-	2,163	8,843	407	946,806	56,202	15,319	-	1,029,740
Charge for the year	-	2,196	8,964	39	89,276	4,827	1,531	-	106,833
Disposals	-	-	(7)	-	(4,249)	(22)	(1,139)	-	(5,417)
Written off	-	-	(259)	-	(31,506)	(1,728)	-	-	(33,493)
Exchange differences	-	105	(150)	-	(673)	(105)	(12)	-	(835)
As at 31 July 2021	-	4,464	17,391	446	999,654	59,174	15,699	-	1,096,828
Net book value									
As at 31 July 2020	158,814	151,981	275,643	1,561	679,779	21,093	4,443	29,265	1,322,579
As at 31 July 2021	160,105	154,475	286,695	1,522	729,503	18,442	3,701	28,225	1,382,668

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 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
Valuation/Cost						
As at 1 August 2020	42,700	-	481	2,815	1,013	47,009
Written off	-	-	-	(2,815)	-	(2,815)
As at 31 July 2021	42,700	-	481	-	1,013	44,194
Accumulated depreciation						
As at 1 August 2020	-	-	185	2,757	1,013	3,955
Charge for the year	554	-	8	29	-	591
Written off	-	-	-	(2,786)	-	(2,786)
As at 31 July 2021	554	-	193	-	1,013	1,760
Net book value						
As at 31 July 2020	42,700	-	296	58	-	43,054
As at 31 July 2021	42,146	-	288	-	-	42,434

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

If the land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	The Group		The Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Freehold land	155,374	154,083	-	-
Long-term leasehold land	50,739	46,783	728	743
Buildings	286,231	275,261	-	-
	492,344	476,127	728	743

Freehold land, long-term 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, long-term 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 transaction, freehold/leasehold tenure and improvement on land and other differences. Fair value of properties derived using the 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 and profit to reflect its present market value.

14. RIGHT-OF-USE ASSETS

The Group	**Buildings RM'000**	**Machineries RM'000**	**Total RM'000**
Cost			
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
At 31 July 2020/1 August 2020	7,228	3,505	10,733
Additions	1,239	1,291	2,530
Modification of lease contract	(1,167)	(457)	(1,624)
Written off	-	(136)	(136)
Exchange differences	(541)	-	(541)
As at 31 July 2021	6,759	4,203	10,962

Continued

14. RIGHT-OF-USE ASSETS (CONT'D)

The Group	Buildings RM'000	Machineries RM'000	Total RM'000
Accumulated Depreciation			
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
At 31 July 2020/1 August 2020	1,874	1,382	3,256
Depreciation for the year	1,967	1,427	3,394
Modification of lease contract	(432)	(132)	(564)
Written off	-	(136)	(136)
Exchange differences	(114)	-	(114)
As at 31 July 2021	3,295	2,541	5,836
Carrying amounts			
As at 31 July 2020	5,354	2,123	7,477
As at 31 July 2021	3,464	1,662	5,126

15. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Building RM'000	Total RM'000
At fair value:			
As at 1 August 2019	12,200	4,800	17,000
Change in fair value	(200)	100	(100)
As at 31 July 2020/ 31 July 2021	12,000	4,900	16,900

The revaluation of the investment properties was performed by an accredited independent valuer 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):

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.

The property rental income earned by the Group from its investment properties amounted to RM639,000 (2020: RM620,000). Direct operating expenses arising from the investment properties amounted to RM136,000 (2020: RM157,000).

Continued

16. INVESTMENT IN SUBSIDIARIES

	The Company	
	2021 RM'000	**2020 RM'000**
Unquoted shares, at cost:		
At beginning of year	452,106	451,106
Additions	104,000	1,000
At end of year	556,106	452,106
Quoted shares, at cost:		
As at 1 August/ 31 July	322,096	322,096
	878,202	774,202
Market value of quoted shares	437,589	563,193

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 2021 %	2020 %	Principal Activities
Scientex Quatari Sdn. Bhd. ("SQSB")[1]	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")[2]	Malaysia	100	100	Sales and marketing of laminating polyurethane adhesives and packaging related materials
Scientex Management Sdn. Bhd. ("SMSB")[3,4]	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 polypropylene ("PP") woven bags, fabrics, bulk bags and polyethylene tying tapes
Daibochi Berhad ("Daibochi" or "DM")[10]	Malaysia	61.88	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 2021 %	2020 %	Principal Activities
Subsidiaries of SQSB				
Scientex Heights Sdn. Bhd. ("SHSB")[5]	Malaysia	100	100	Property development
Scientex Park (M) Sdn. Bhd. ("SPSB")[6]	Malaysia	100	100	Property investment and development
Texland Sdn. Bhd.	Malaysia	90	90	Property development
Scientex (Skudai) Sdn. Bhd. ("SKSB")[7]	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. ("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")*	United States of America	100	100	Manufactures and sales of industrial stretch film products
Scientex Great Wall (Klang) Sdn. Bhd. (formerly known as Klang Hock Plastic Industries Sdn. Bhd.) ("SGWK")	Malaysia	100	100	Manufacturing of plastic packaging products
Subsidiary of SGW				
Scientex Distribution Sdn. Bhd. ("SDSB")[3]	Malaysia	-	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 2021 %	2020 %	Principal Activities
Subsidiaries of SMSB				
KC Contract Sdn. Bhd.	Malaysia	65	65	Property construction
SDSB[3]	Malaysia	100	-	Dormant
Subsidiaries of Daibochi				
Mega Printing & Packaging Sdn. Bhd. ("Mega")*	Malaysia	61.88	61.89	Manufacturing and marketing of flexible packaging materials
Daibochi Land Sdn. Bhd. ("DLSB")	Malaysia	61.88	61.89	Dormant
Daibochi Flexibles Sdn. Bhd. ("DFSB")	Malaysia	61.88	61.89	Investment holding
Daibochi Australia Pty. Ltd.*	Australia	61.88	61.89	Marketing of flexible packaging materials
Daibochi New Zealand Limited ("DNZ")[8]***	New Zealand	61.88	-	Marketing of flexible packaging materials
Subsidiary of DFSB				
Daibochi Packaging (Myanmar) Company Limited ("DPM")[9]*	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.*
*** *Exempted for statutory audit under Section 45 of Financial Reporting Act 2013 in New Zealand.*
1 *During the financial year 2021, the Company invested additional RM100,000,000 in SQSB.*
2 *During the financial year 2021, SIG reduced its share capital from RM35,000,000 comprising 35,000,000 ordinary shares to RM5,000,000 comprising 5,000,000 ordinary shares by cancelling 30,000,000 ordinary shares, and to distribute the credit of RM30,000,000 arising therefrom to the Company.*
3 *During the financial year 2021, SMSB acquired the entire 2 ordinary shares in SDSB from SGW for a total consideration of RM1.*
4 *During the financial year 2021, the Company invested additional RM4,000,000 in SMSB.*
5 *During the financial year 2021, SQSB invested additional RM100,000,000 in SHSB.*
6 *During the financial year 2021, SQSB invested additional RM85,250,000 in SPSB.*
7 *During the financial year 2021, SQSB invested additional RM50,000,000 in SKSB.*
8 *During the financial year 2021, DNZ was incorporated on 19 February 2021 with an initial issued and paid-up capital of NZD1,000.*
9 *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.*
10 *During the financial year 2021, DM issued 23,836 new ordinary shares pursuant to the exercise of 23,836 warrants at the exercise price of RM2.50 per warrant.*

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The table below shows details on non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of Subsidiaries	Proportion of ownership interest and voting rights held by non-controlling interests 2021 %	2020 %	Total comprehensive income/(loss) allocated to non-controlling interests for the year 2021 RM'000	2020 RM'000	Non-controlling interests 2021 RM'000	2020 RM'000
Daibochi	38.12	38.11	10,612	24,051	125,673	121,248
SGW	10	10	4,725	2,709	49,150	44,425
Others			6,216	7,486	26,722	28,587
			21,553	34,246	201,545	194,260

Summarised information of subsidiaries with non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before intragroup eliminations. The non-controlling interests of the other subsidiaries are not material to the Group.

	2021 RM'000	2020 RM'000
Daibochi		
Summarised statement of financial position		
Non-current assets	304,927	279,652
Current assets	219,203	203,437
Non-current liabilities	(29,134)	(29,833)
Current liabilities	(197,780)	(175,556)
Net assets	297,216	277,700
Summarised statement of profit or loss and other comprehensive income		
Revenue	601,869	619,277
Profit for the financial year	46,573	48,735
Total comprehensive income for the financial year	35,826	57,806
Total comprehensive (loss)/income for the financial year attributable to non-controlling interests	(4,912)	3,287
Summarised cash flows information		
Net cash from operating activities	80,503	120,561
Net cash used in investing activities	(63,884)	(109,740)
Net cash used in financing activities	(18,636)	(2,152)
Net cash (outflows)/inflows	(2,017)	8,669
Other information		
Dividends paid to non-controlling interests	-	2,454

Continued

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

	2021 RM'000	2020 RM'000
SGW		
Summarised statement of financial position		
Non-current assets	544,849	534,689
Current assets	187,087	195,967
Non-current liabilities	(6,526)	(5,807)
Current liabilities	(233,907)	(280,591)
Net assets	491,503	444,258
Summarised statement of profit or loss and other comprehensive income		
Revenue	683,193	666,369
Profit for the financial year	47,245	23,602
Total comprehensive income for the financial year	47,245	27,087
Summarised cash flows information		
Net cash from operating activities	105,042	72,750
Net cash used in investing activities	(46,450)	(30,136)
Net cash used in financing activities	(80,065)	(46,099)
Net cash outflows	(21,473)	(3,485)

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 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
As at 1 August 2020	876,082	96,891	972,973
Acquisition of land	570,268	-	570,268
Costs incurred during the year	126,497	3,438	129,935
Transfer to property development costs (Note 17 (b))	(380,333)	(9,183)	(389,516)
As at 31 July 2021	1,192,514	91,146	1,283,660

Continued

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(a) Land held for property development (cont'd)

During the financial year 2021, the Group acquired the following freehold lands through its subsidiaries:

(i) SKSB acquired 17 parcels of land measuring approximately 162 acres in Bandar Amanjaya, District of Kuala Muda, State of Kedah for a total cash purchase consideration of RM37,253,000.

(ii) SPSB acquired 2 parcels of land measuring approximately 19 acres in Mukim of Rawang, District of Gombak, State of Selangor for a total cash purchase consideration of RM13,518,000, 10 parcels of land measuring approximately 139 acres in Mukim of Ulu Langat, District of Ulu Langat, State of Selangor for a total cash purchase consideration of RM100,504,000 and land measuring approximately 109 acres in Mukim of Seremban, District of Seremban, State of Negeri Sembilan for a total cash purchase consideration of RM69,076,000.

(iii) SHSB acquired a land measuring approximately 158 acres in Mukim of Ayer Panas and 2 parcels of land measuring approximately 1,357 acres in Mukim of Jasin, both situated in District of Jasin, State of Melaka for a total cash purchase consideration of RM349,917,000.

(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 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
Cumulative property development costs				
As at 1 August 2020	526,368	14,263	713,981	1,254,612
Costs incurred during the year	-	-	409,776	409,776
Transfer from land held for property development (Note 17 (a))	380,333	9,183	-	389,516
Reversal of completed projects	(332,816)	(33)	(590,558)	(923,407)
Unsold units transferred to inventories	(13,592)	-	(29,297)	(42,889)
As at 31 July 2021	560,293	23,413	503,902	1,087,608

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 2020	(347,933)	(14,263)	(552,000)	(914,196)
Recognised during the year (Note 6)	(257,702)	(3,136)	(424,448)	(685,286)
Reversal of completed projects	332,816	33	590,558	923,407
As at 31 July 2021	(272,819)	(17,366)	(385,890)	(676,075)
Property development costs as at 31 July 2021	287,474	6,047	118,012	411,533

The freehold and leasehold lands under land held for property development with a carrying amount of RM113,000,000 (2020: RM86,000,000) have been charged as a security for borrowings (Note 28(ii)(a)).

Included in the land held for development is interest capitalised of RM8,373,000 (2020: RM10,965,000) (Note 7).

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 July 2021 is RM927,000,000 (2020: RM563,000,000), where the Group expects to recognise it as revenue over the next 1 to 3 years.

18. INVESTMENT IN JOINT VENTURE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In Malaysia:				
Unquoted shares, at cost	10,000	22,500	10,000	22,500
Share of post-acquisition reserves	4,149	2,102	-	-
	14,149	24,602	10,000	22,500
Share of post-acquisition reserves:				
At beginning of year	2,102	5,529	-	-
Share of results	2,047	1,073	-	-
Dividend received	-	(4,500)	-	-
At end of year	4,149	2,102	-	-

During the financial year 2021, MSS reduced its share capital from RM45,000,000 comprising 45,000,000 ordinary shares to RM20,000,000 comprising 20,000,000 ordinary shares by cancelling 25,000,000 ordinary shares, and to distribute the credit of RM25,000,000 arising therefrom to the Company and joint venture partner.

18. INVESTMENT IN JOINT VENTURE (CONT'D)

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 2021 %	2020 %	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 2021 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	
	2021 RM'000	2020 RM'000
Assets and Liabilities		
Current assets	37,446	53,791
Non-current assets	1,923	3,039
Total assets	39,369	56,830
Current liabilities	(11,072)	(7,626)
Total liabilities	(11,072)	(7,626)
Results		
Revenue	56,612	58,814
Profit for the year	4,093	2,145

19. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In Malaysia:				
Unquoted shares, at cost	32,848	3,000	3,000	3,000
Share of post-acquisition reserves	52,376	43,548	-	-
	85,224	46,548	3,000	3,000

Continued

19. INVESTMENT IN ASSOCIATES (CONT'D)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Share of post-acquisition reserves:				
At beginning of year	43,548	34,335	-	-
Share of results	9,714	10,079	-	-
Bargain purchase	2,013	-	-	-
Dividend received	(2,899)	-	-	-
Disposal	-	(866)	-	-
At end of year	52,376	43,548	-	-

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2021 %	2020 %	Principal Activities
Mitsui Chemicals Scientex Sdn. Bhd. ("MCS")*	Malaysia	30	30	Manufacturing and trading of polyurethane adhesive for flexible packaging applications
OPS Paper Products Sdn. Bhd. ("OPS")[1]*	Malaysia	24.60	18.44	Manufacturing and trading of paper products
Hiro Food Packages Manufacturing Sdn. Bhd. ("HIRO")[2]*	Malaysia	30	-	Manufacturing of food packages of all types, mould, packaging materials, crates, boxes and containers

* *Audited by other auditors.*

1 *In the prior financial year, the Group held 18.44% interest in OPS and accounted for the investment as an other investment. During the financial year 2021, SMSB acquired additional 1,000,000 ordinary shares in OPS for a total consideration of RM4,000,000, increasing the Group's interest in OPS to 24.60% and became an associate of the Group.*

2 *During the financial year 2021, SPFSB acquired 30% equity interest in HIRO for a cash consideration of RM16,000,000 and contingent consideration payable of RM2,079,000.*

MCS and HIRO have a financial year end of 31 December. For the purpose of applying the equity method of accounting, the unaudited financial statements of MCS, OPS and HIRO have been used.

Continued

19. INVESTMENT IN ASSOCIATES (CONT'D)

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	
	2021 RM'000	2020 RM'000
Assets and Liabilities		
Current assets	266,914	128,541
Non-current assets	160,635	68,390
Total assets	427,549	196,931
Current liabilities	(94,096)	(40,824)
Non-current liabilities	(38,390)	(946)
Total liabilities	(132,486)	(41,770)
Results		
Revenue	380,027	240,425
Profit for the year	34,008	33,599

20. OTHER INVESTMENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value:				
Unquoted equity instruments outside Malaysia	23,543	20,448	23,543	20,448
Unquoted equity instruments in Malaysia	-	7,163	-	-
Quoted equity instruments in Malaysia	603	603	12	12
Corporate memberships	379	379	137	137
	24,525	28,593	23,692	20,597

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.

Continued

21. GOODWILL

	The Group	
	2021 RM'000	2020 RM'000
At cost:		
At beginning of year	338,077	293,703
Effect of acquisition of a subsidiary	-	42,786
Effect of purchase price allocation	-	960
Foreign exchange differences	(5,901)	4,628
Impairment of goodwill	-	(4,000)
At end of year	332,176	338,077

The carrying amount of goodwill allocated by CGUs with indefinite useful life allocated are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Daibochi	201,478	201,478
DPM	27,154	33,055
Mega	42,786	42,786
SGWK	48,624	48,624
SGWI	12,134	12,134
	332,176	338,077

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.

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:

	2021 (%)	2020 (%)
Key assumptions		
Revenue Compounded Annual Growth Rate ("CAGR")	2.0 - 23.0	2.0 - 10.5
Pre-tax discount rate	9.4 - 28.2	10.3 - 27.4
Long-term inflation rate	2.0 - 10.2	2.0 - 7.7

21. GOODWILL (CONT'D)

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	8,683	(8,447)
Pre-tax discount rate	2,987	(2,673)
Long-term inflation rate	1,755	(1,570)

22. INVENTORIES

	The Group	
	2021 RM'000	**2020 RM'000**
At cost:		
Raw materials	177,711	161,927
Unsold completed property units	90,597	92,386
Finished products	83,447	71,665
Work-in-progress	31,200	24,438
	382,955	350,416
At net realisable value:		
Unsold completed property units	1,795	1,795
Raw materials	1,099	749
Finished products	1,109	1,057
	4,003	3,601
	386,958	354,017

For the current financial year, the amount of inventories recognised as expenses in the cost of sales of the Group was RM1,686,583,000 (2020: RM1,651,962,000).

Continued

23. TRADE RECEIVABLES

	The Group	
	2021 RM'000	2020 RM'000
Third parties	686,273	561,149
Associates and joint venture	210	53
	686,483	561,202
Less: Impairment losses	(1,536)	(1,410)
Trade receivables, net	684,947	559,792

Trade receivables are non-interest bearing. The average credit terms for trade receivables of the Group range from 14 to 120 days (2020: 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 credit terms of 60 days (2020: 60 days).

Included in trade receivables are retention sums on property development activities amounting to RM78,266,000 (2020: RM48,429,000).

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	646,293	523,586
Past due but not impaired	38,654	36,206
Past due and impaired	1,536	1,410
	686,483	561,202
Ageing of past due but not impaired		
1 to 30 days	30,248	25,413
31 to 60 days	5,247	6,493
61 to 90 days	1,559	3,285
More than 90 days	1,600	1,015
	38,654	36,206
Ageing of past due and impaired		
More than 120 days	1,536	1,410

Continued

23. TRADE RECEIVABLES (CONT'D)

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	
	2021 RM'000	**2020 RM'000**
At beginning of year	1,410	2,297
Impairment loss	283	1,005
Acquisition of a subsidiary	-	100
Written off during the year	-	(595)
Reversal of impairment loss	(169)	(1,392)
Foreign exchange differences	12	(5)
At end of year	1,536	1,410

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 RM38,654,000 (2020: RM36,206,000) 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.

The currency profile of trade receivables of the Group is as follows:

	The Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	509,468	399,854
United States Dollar	107,175	100,005
Other currencies	69,840	61,343
	686,483	561,202

Continued

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	4,363	4,237	-	-
Deposit on purchase of land held for property development	105,036	23,845	-	-
Deposit on purchase of property, plant and equipment	43,619	87,594	-	-
Other refundable deposits	19,787	17,605	29	29
Other assets	24,581	15,171	-	-
Prepaid expenses	8,566	6,351	57	55
Amounts due from associates and joint venture	96	262	-	-
	206,048	155,065	86	84

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	231,352	181,432	768	130
Short-term deposits with:				
Other financial institutions	6,681	207,969	1,892	1,866
Licensed banks	5,275	23,843	-	-
	243,308	413,244	2,660	1,996

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 and bank balances of the Group is an amount of RM35,802,000 (2020: RM15,818,000) 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 2021 for the Group and the Company is 1.66% (2020: 2.31%) per annum respectively.

Short-term deposits with licensed banks for the Group have weighted average effective interest rate of 1.65% (2020: 1.47%) per annum. The average maturities of short-term deposits with licensed banks of the Group as at the end of the reporting date were 92 days (2020: 46 days).

The currency profile of cash and cash equivalents is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	196,535	294,913
United States Dollar	27,972	80,807
Other currencies	18,801	37,524
	243,308	413,244

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	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid up shares with no par value classified as equity instrument:				
At beginning of year	515,877	515,261	691,782	685,776
Issued pursuant to the SGP	988	616	11,203	6,006
Issued pursuant to exercise of warrants	62	-	265	-
Issued pursuant to the bonus issue	1,033,729	-	-	-
At end of year	1,550,656	515,877	703,250	691,782

(a) **Share capital**

During the financial year 2021, the Company:-

(i) Issued and allotted 988,000 (2020: 615,400) new ordinary shares to eligible employees of Scientex Berhad group of companies, with the issue share price as at the date of granting of RM11.34 (2020: RM9.76) per ordinary share, pursuant to the Scientex Berhad Share Grant Plan ("SGP").

(ii) Issued and allotted 1,033,729,544 new ordinary shares pursuant to the bonus issue on the basis of 2 bonus shares for every 1 ordinary share held; and

(iii) Issued and allotted 61,713 new ordinary shares pursuant to the exercise of 61,713 warrants at the exercise price of RM4.30 per warrant.

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 2021, the total number of issued shares of the Company was 1,550,656,129 (2020: 515,876,872) 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.

(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

Continued

26. SHARE CAPITAL (CONT'D)

(b) Share Grant Plan (cont'd)

- 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 988,000 (2020: 615,400) 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 RM11.34 (2020: RM9.76) per ordinary share.

(c) Warrants

On 15 January 2021, the Company issued 103,372,778 free warrants on the basis of 1 free warrant for every 5 existing ordinary shares held. The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 January 2021.

The warrants are constituted by the deed poll dated 17 December 2020.

The salient terms of the warrants are as follows:

	Tenure (Years)	Exercise Period Issue date	Exercise Period Expiry date	Exercise Price (RM)
Warrants	5	15 January 2021	14 January 2026	4.30

(i) The warrants may be exercised at any time during the tenure of the warrants of five (5) years commencing from the issue date of the warrants and ending on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and ceased to be valid;

(ii) Each warrant carries the entitlement to subscribe for one (1) new ordinary share at the exercise price of RM4.30 and subject to the adjustments in accordance with the deed poll constituting the warrants;

(iii) The new shares to be issued upon the exercise of the warrants shall, upon issuance and allotment, rank pari-passu in all respects with the existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other forms of distribution which may be declared, made or paid by the Company for which the entitlement date for the distribution precedes the date of allotment and issuance of the new shares; and

(iv) The exercise price and number of unexercised warrants are subject to adjustments in accordance with the provisions as set out in the deed poll.

During the financial year, the Company issued 61,713 ordinary shares pursuant to the exercise of 61,713 warrants at the exercise price of RM4.30 per warrant. As at 31 July 2021, the total number of unexercised warrants was 103,311,065.

27. RESERVES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable reserves:				
Property revaluation surplus	90,719	90,719	26,089	26,089
Foreign currency translation reserve	10,678	15,465	-	-
Other reserves	461	461	68	68
	101,858	106,645	26,157	26,157

27. RESERVES (CONT'D)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Distributable reserve:				
Retained earnings	2,090,556	1,762,966	214,840	131,878
Treasury shares	(1)	(1)	(1)	(1)
	2,090,555	1,762,965	214,839	131,877
	2,192,413	1,869,610	240,996	158,034

(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.

(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.

(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 2021, the Company did not purchase any of its ordinary shares from the open market.

As at 31 July 2021, the Company held 100 (2020: 100) ordinary shares as treasury shares. Such treasury shares are recorded at a carrying amount of RM720 (2020: RM720).

(d) Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2021 under the single tier system.

28. BORROWINGS

	The Group	
	2021 RM'000	2020 RM'000
Current - at amortised cost		
Secured:		
Sukuk Murabahah	50,000	-
	50,000	-
Unsecured:		
Foreign currency revolving credits	412,487	518,012
Onshore foreign currency loan	25,235	22,239
Revolving credits	307,100	128,000
Bankers acceptances	17,665	3,028
Term loans	6,360	12,444
	768,847	683,723
	818,847	683,723

28. BORROWINGS (CONT'D)

	The Group	
	2021 RM'000	**2020 RM'000**
Non-current - at amortised cost		
Secured:		
Sukuk Murabahah	300,000	350,000
Unsecured:		
Term loans	950	7,337
	300,950	357,337
Total borrowings		
Foreign currency revolving credits	412,487	518,012
Sukuk Murabahah	350,000	350,000
Term loans	7,310	19,781
Revolving credits	307,100	128,000
Onshore foreign currency loan	25,235	22,239
Bankers acceptances	17,665	3,028
	1,119,797	1,041,060

Borrowings are repayable as follows:

	The Group	
	2021 RM'000	**2020 RM'000**
Current	818,847	683,723
Non-current:		
More than 1 year and less than 2 years	50,950	57,337
More than 2 years and less than 5 years	100,000	150,000
More than 5 years	150,000	150,000
	300,950	357,337
	1,119,797	1,041,060

The weighted average interest/profit rates per annum of the borrowings at the reporting date are as follows:

	The Group	
	2021 %	**2020 %**
Sukuk Murabahah	2.94	3.11
Revolving credits	2.44	2.58
Bankers acceptances	2.22	2.56
Term loans	1.57	1.69
Onshore foreign currency loan	0.51	0.60
Foreign currency revolving credits	0.66	0.90

28. BORROWINGS (CONT'D)

(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.

As at 31 July 2021, 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 and third party charge over the freehold and leasehold lands under land held for property development of subsidiaries with carrying value of RM113,000,000 (2020: RM86,000,000) as disclosed in Note 17.

(b) Negative pledges on all the other assets held by the Company and certain subsidiaries.

(iii) The currency profile of borrowings is as follows:

	The Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	677,110	485,844
United States Dollar	364,695	414,606
Japanese Yen	57,026	124,400
Australian Dollar	20,966	16,210
	1,119,797	1,041,060

29. LEASE LIABILITIES

	The Group	
	2021 RM'000	**2020 RM'000**
Non-current	3,363	5,291
Current	4,617	4,133
	7,980	9,424
Minimum lease payment:		
Not later than 1 year	4,914	4,525
Later than 1 year but not later than 5 years	3,404	4,594
Later than 5 years	515	1,571
	8,833	10,690
Less: Unexpired finance charges	(853)	(1,266)
	7,980	9,424
Present value of lease liabilities:		
Not later than 1 year	4,617	4,133
Later than 1 year but not later than 5 years	2,870	3,835
Later than 5 years	493	1,456
	7,980	9,424

Continued

29. LEASE LIABILITIES (CONT'D)

The Group discounted the lease liabilities by using the Group's incremental borrowing rates ranging from 3.0% to 14.0% (2020: 2.9% to 14.0%).

During the year, the Group recognised RM1,858,000 and RM317,000 (2020: RM1,736,000 and RM262,000) respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

30. RETIREMENT BENEFITS OBLIGATIONS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of year	39,032	36,434	7,820	7,465
Current and past service cost (Note 9)	5,481	5,054	335	355
Foreign exchange differences	13	(41)	-	-
Paid during the year	(2,381)	(2,415)	-	-
At end of year	42,145	39,032	8,155	7,820

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 (2020: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost of sales	1,698	1,480	-	-
Administrative expenses	3,329	3,209	335	355
Selling and distribution expenses	454	365	-	-
	5,481	5,054	335	355

The principal assumptions are as follows:

	The Group and The Company	
	2021 %	2020 %
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 statements 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of year	70,923	47,181	6,897	5,537
Recognised in profit or loss (Note 11)	(1,570)	3,896	(116)	(1,676)
Recognised in equity	-	12,970	-	3,036
Acquisition of a subsidiary	-	6,876	-	-
At end of year	69,353	70,923	6,781	6,897
Deferred tax assets	(15,552)	(18,970)	-	-
Deferred tax liabilities	84,905	89,893	6,781	6,897
	69,353	70,923	6,781	6,897

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets (before offsetting):				
Unabsorbed reinvestment allowances	(72,358)	(63,877)	-	-
Unabsorbed tax losses and capital allowances	(4,577)	(13,728)	-	-
Various temporary differences	(23,261)	(17,786)	(1,096)	(1,096)
	(100,196)	(95,391)	(1,096)	(1,096)
Offsetting	84,644	76,421	1,096	1,096
Deferred tax assets (after offsetting)	(15,552)	(18,970)	-	-
Deferred tax liabilities (before offsetting):				
Temporary differences arising from:				
Property, plant and equipment	133,113	121,877	641	650
Revaluation of land and buildings	36,362	44,150	7,236	7,343
Others	74	287	-	-
	169,549	166,314	7,877	7,993
Offsetting	(84,644)	(76,421)	(1,096)	(1,096)
Deferred tax liabilities (after offsetting)	84,905	89,893	6,781	6,897

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 2021, 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	
	2021 RM'000	**2020 RM'000**
Unutilised tax losses	464	464
Unabsorbed capital allowances	8	8
Deductible temporary differences	892	1,130
	1,364	1,602

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses will be imposed with a time limit of utilisation. Effective from year of assessment 2018, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Expiry date of the Group's tax losses is summarised below:

	The Group	
	2021 RM'000	**2020 RM'000**
Year of assessment 2025	464	464

32. TRADE PAYABLES

	The Group	
	2021 RM'000	**2020 RM'000**
Third parties	485,888	411,646
Associates	37,138	31,394
	523,026	443,040

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2020: 30 to 120 days). The amount due to associates is unsecured, non-interest bearing and has credit terms of 30 to 120 days (2020: 60 to 120 days). Included in the trade payables of the Group is an amount of RM22,171,000 (2020: RM20,870,000) representing retention amount.

The currency profile of trade payables is as follows:

	The Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	333,297	284,646
United States Dollar	186,155	156,344
Other currencies	3,574	2,050
	523,026	443,040

Continued

33. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Accrued expenses	79,839	108,030	883	895
Other payables	64,612	49,101	-	-
Other liabilities	39,229	23,297	-	-
Deposits	1,503	999	1	1
	185,183	181,427	884	896

34. DIVIDENDS

	The Group and The Company	
	2021 RM'000	2020 RM'000
In respect of the financial year ended 31 July 2019:		
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
Single tier final dividend of 13 sen per ordinary share on 516,864,772 ordinary shares*	67,192	-
In respect of the financial year ended 31 July 2021:		
Single tier interim dividend of 4 sen per ordinary share on 1,550,656,029 ordinary shares	62,027	-
	129,219	103,175

* *Before the 2 for 1 bonus issue which was completed on 15 January 2021.*

On 29 September 2021, the directors proposed a single tier final dividend of 5 sen per ordinary share amounting to approximately RM77,533,000 in respect of the financial year ended 31 July 2021. The proposed single tier final dividend is subject to the approval of the 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 2022.

35. CAPITAL COMMITMENTS

At the end of reporting period, the Group has the following capital commitments in respect of the acquisition of plant and machinery and land held for property development.

	The Group	
	2021 RM'000	2020 RM'000
Approved and contracted for:		
Balance payment for purchase of land held for property development	870,220	214,601
Purchase of plant and machinery	167,793	105,109
	1,038,013	319,710

Continued

36. 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 30 to 120 days (2020: 60 to 120 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	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Associates:					
Sales	(i)	(437)	(195)	-	-
Purchases	(ii)	148,282	101,945	-	-
Management fees income	(iii)	(120)	(120)	(120)	(120)
Rental income	(iv)	(418)	-	-	-
Dividend income		-	-	(1,902)	-
Joint venture:					
Sales	(i)	(208)	(191)	-	-
Rental income	(iv)	(926)	(926)	-	-
Dividend income		-	-	-	(4,500)
Subsidiaries:					
Dividend income		-	-	(179,026)	(93,592)

(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 (2020: 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 and have credit terms of 30 to 120 days (2020: 60 to 120 days).

(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 (2020: 30 days).

(iv) The rental payable by the associate and joint venture were determined on terms not more favourable to the related parties than to third parties and have credit terms of 30 days (2020: 30 days).

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and other emoluments	24,649	24,315	-	300
Contribution to defined contribution plans	4,433	4,373	-	54
Share Grant Plan	2,418	1,394	-	-
Fees	120	120	120	120
Retirement benefits	-	1,491	-	-
	31,620	31,693	120	474

36. RELATED PARTY TRANSACTIONS (CONT'D)

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 RM11,773,000 and RM120,000 (2020: RM11,649,000 and RM474,000) respectively.

37. 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.

(b) Analysis by activity

	Note	Packaging RM'000	Property development RM'000	Consolidated RM'000
2021				
Revenue		2,491,481	1,164,485	3,655,966
Results				
Interest income		485	2,648	3,133
Finance costs		5,314	5,825	11,139
Depreciation of property, plant and equipment		103,464	3,369	106,833
Depreciation of right-of-use assets		3,129	265	3,394
Share of results of associates and joint venture		11,761	-	11,761
Other non-cash expenses	(ii)	18,155	7,048	25,203
Segment profit	(i)	253,558	346,781	600,339

Continued

37. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

	Note	Packaging RM'000	Property development RM'000	Consolidated RM'000
Assets				
Segment assets		2,436,369	2,541,480	4,977,849
Investment in associates		85,224	-	85,224
Investment in joint venture		14,149	-	14,149
Tax recoverable		7,059	-	7,059
Deferred tax assets		7,355	8,197	15,552
Consolidated total assets				5,099,833
Liabilities				
Segment liabilities		943,075	935,056	1,878,131
Tax liabilities		10,036	29,553	39,589
Deferred tax liabilities		81,695	3,210	84,905
Consolidated total liabilities				2,002,625

	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		2,522,236	1,986,897	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		86,433	3,460	89,893
Consolidated total liabilities				1,844,783

Continued

37. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

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:

	2021 RM'000	2020 RM'000
Segment profit	600,339	549,455
Finance costs (Note 7)	(11,139)	(16,345)
Share of results of associates and joint venture	11,761	11,152
Profit before tax	600,961	544,262

(ii) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	2021 RM'000	2020 RM'000
Increase in liability for defined benefit plan	5,481	5,054
Net unrealised loss/(gain) on foreign exchange	12,116	(6,648)
Share Grant Plan expense	11,203	6,006
Impairment loss on trade receivables	283	1,005
Write (back)/off of bad debts	(165)	28
Property, plant and equipment written off	1,619	4,004
Fair value gain on other investments	(3,701)	(4,423)
Fair value loss on investment properties	-	100
Reversal of impairment loss on trade receivables	(169)	(1,392)
Gain on disposal of property, plant and equipment	(257)	(325)
Gain on bargain purchase of associate	(2,013)	-
Gain on lease modification	(28)	-
Write off of inventories	834	1,605
	25,203	5,014

(iii) Included in segment assets is addition to non-current assets of:

	Packaging RM'000	Property development RM'000	Consolidated RM'000
2021			
Property, plant and equipment	168,123	1,987	170,110
Right-of-use assets	2,077	453	2,530
Land held for property development	-	570,268	570,268
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

Continued

37. SEGMENTAL INFORMATION (CONT'D)

(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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Malaysia	1,955,460	1,801,535	2,977,847	2,627,423
Japan	414,569	388,575	-	-
Australia	254,269	225,899	506	179
Indonesia	193,830	184,929	951	1,169
Korea	193,687	210,693	-	-
Thailand	155,624	198,268	-	-
Singapore	133,733	129,791	10	32
United States of America	82,233	63,698	131,130	87,116
Philippines	76,306	92,444	-	-
Europe	42,669	57,997	-	-
Myanmar	32,299	50,166	35,990	45,491
The Socialist Republic of Vietnam	27,419	32,273	13,546	15,309
Others	93,868	82,333	-	-
Consolidated	3,655,966	3,518,601	3,159,980	2,776,719

Revenue from one major customer amounting to RM301,532,000 (2020: RM272,915,000), 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.

	2021 RM'000	**2020 RM'000**
Property, plant and equipment	1,382,668	1,322,579
Right-of-use assets	5,126	7,477
Investment properties	16,900	16,900
Land held for property development	1,283,660	972,973
Investment in joint venture	14,149	24,602
Investment in associates	85,224	46,548
Other investments	24,525	28,593
Deferred tax assets	15,552	18,970
Goodwill	332,176	338,077
	3,159,980	2,776,719

38. 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 2021 and 31 July 2020.

38. FINANCIAL INSTRUMENTS (CONT'D)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

		The Group	
		2021 RM'000	2020 RM'000
Debt	(i)	1,119,797	1,041,060
Less: Cash and cash equivalents		(243,308)	(413,244)
Net debt		876,489	627,816
Equity attributable to owners of the Company	(ii)	2,895,663	2,561,392
Net debt to equity ratio		0.30	0.25

(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.

Categories of financial instruments

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets				
At amortised cost:				
Trade receivables	684,947	559,792	-	-
Other receivables and deposits	24,246	22,104	29	29
Cash and cash equivalents	243,308	413,244	2,660	1,996
At fair value:				
Other investments	24,525	28,593	23,692	20,597
	977,026	1,023,733	26,381	22,622
Financial liabilities				
At amortised cost:				
Trade payables	523,026	443,040	-	-
Other payables and accrued expenses	185,183	181,427	884	896
Borrowings	1,119,797	1,041,060	-	-
Lease liabilities	7,980	9,424	-	-
	1,835,986	1,674,951	884	896

Continued

38. FINANCIAL INSTRUMENTS (CONT'D)

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:

	Assets The Group		Liabilities The Group	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
United States Dollar	104,567	129,886	527,818	540,309
Japanese Yen	7,433	8,605	59,059	125,107

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	
	2021 RM'000	**2020 RM'000**
United States Dollar	12,697	12,313
Japanese Yen	1,549	3,495

(ii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2021 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	
	2021 RM'000	**2020 RM'000**
United States Dollar	6,786	7,675

38. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

(iii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2021, 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	
	2021 RM'000	**2020 RM'000**
United States Dollar	5,911	4,638
Japanese Yen	1,549	3,495
	7,460	8,133

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 2021 would decrease or increase by RM1,850,000 (2020: RM1,943,000).

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 2021, 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.

Continued

38. FINANCIAL INSTRUMENTS (CONT'D)

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, 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.

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
2021					
Financial liabilities					
Non-interest bearing:					
Trade payables		523,026	-	-	523,026
Other payables and accrued expenses		185,183	-	-	185,183
		708,209	-	-	708,209
Interest bearing:					
Borrowings	0.5% - 2.9%	829,094	175,581	162,642	1,167,317
Lease liabilities	3.0% - 14.0%	4,914	3,404	515	8,833
		834,008	178,985	163,157	1,176,150
Total undiscounted financial liabilities		1,542,217	178,985	163,157	1,884,359
2020					
Financial liabilities					
Non-interest bearing:					
Trade payables		443,040	-	-	443,040
Other payables and accrued expenses		181,427	-	-	181,427
		624,467	-	-	624,467
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		1,323,914	244,151	170,231	1,738,296

38. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The Company	Carrying amount RM'000	Less than 1 year RM'000	Total RM'000
2021			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	884	884	884
Total undiscounted financial liabilities	884	884	884
Financial guarantees	Nil	1,470,389	1,470,389
2020			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	896	896	896
Total undiscounted financial liabilities	896	896	896
Financial guarantees	Nil	1,326,976	1,326,976

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.

The maximum exposure to credit risk in relation to the financial corporate guarantees given amounts to RM1,470,389,000 (2020: 1,326,976,000) as at the end of the reporting period representing the outstanding banking facilities and supplier credit facilities of the subsidiaries as at the end of financial year.

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 Notes 13, 15 and 20 respectively.

Continued

39. 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 2021 RM'000	The Group 2020 RM'000
Additions to property, plant and equipment	170,110	95,290
Less: Deposits paid in prior year	(87,234)	(6,674)
Less: Amount outstanding as other payables	(1,492)	(9,259)
Cash outflows	81,384	79,357

(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:

2021 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	1,041,060	5,475	85,662	(12,400)	1,119,797
Lease liabilities	29	9,424	1,700	-	(3,144)	7,980
		1,050,484	7,175	85,662	(15,544)	1,127,777

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

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) On 20 September 2020, the Company announced that SQSB, a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("SPA") with Lee Pineapple Company (Pte) Limited for the proposed acquisition of eight (8) pieces 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. Subsequently, the vendor and SQSB have agreed that the vendor be released from delivering vacant possession of an area measuring approximately 0.3 acres via a Supplemental Agreement dated 4 May 2021 and the total purchase consideration was accordingly adjusted to RM184,700,000. On 2 August 2021, the Company announced that the payment of the adjusted balance purchase price has been made to the vendor, marking the completion of the acquisition.

(ii) On 7 May 2021, the Company announced that SQSB, a wholly-owned subsidiary of the Company, had entered into a Conditional SPA with Pelangi Sdn Bhd for the proposed acquisition of eight (8) parcels of freehold land, all situated in Mukim of Tebrau, District of Johor Bahru, State of Johor, measuring an aggregate area of approximately 959.7 acres for a total purchase consideration of RM518,100,000 and the proposed acquisition will be completed in stages up to the first half of year 2024.

Continued

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END (CONT'D)

(iii) On 5 April 2021, the Company announced that:

(a) SQSB, a wholly-owned subsidiary of the Company, had entered into a SPA with Sunrich Conquest Sdn Bhd for the proposed acquisition of a freehold agricultural land, situated in Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang, measuring an aggregate area of approximately 204.7 acres for a total purchase consideration of RM147,100,000; and

(b) SKSB, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into a SPA with Titanium Greenview Sdn Bhd for the proposed acquisition of two (2) pieces of freehold agricultural lands, all situated in Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang, measuring an aggregate area of approximately 138.5 acres for a total purchase consideration of RM99,500,000.

The conditions precedent as set out in the SPAs have been satisfied and accordingly, the proposed acquisitions have become unconditional. The proposed acquisition is expected to be completed in the fourth quarter of year 2021.

(iv) On 30 August 2021, the Company announced that SPSB, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into a SPA with Seriemas Development Sdn Bhd for the proposed acquisition of five (5) pieces of freehold agricultural lands, all situated in the State of Selangor, measuring an aggregate area of approximately 250.8 acres for a total purchase consideration of RM207,600,000 and the proposed acquisition is expected to be completed in the second half of year 2022.

(v) On 13 September 2021, the Company announced that it has through its principal adviser served a notice of unconditional take-over offer to the board of directors of Daibochi, informing the Company’s intention to undertake an unconditional voluntary take-over offer (“Offer”) to acquire: -

(a) all the remaining 124,784,759 ordinary shares in Daibochi (“Daibochi Shares”), representing 38.12% of the total issued shares of Daibochi (excluding treasury shares) not already held by the Company, as well as such number of new Daibochi Shares that may be issued prior to the closing date of the Offer arising from the exercise of the outstanding warrants 2017/2022 in Daibochi (“Daibochi Warrant(s)”) (“Offer Share(s)”) for a cash offer price of RM2.70 per Offer Share; and

(b) all the remaining 26,137,985 Daibochi Warrants, representing 95.75% of the outstanding Daibochi Warrants not already held by the Company (“Offer Warrant(s)”), for a cash offer price of RM0.32 per Offer Warrant.

The Offer is expected to be completed by the fourth quarter 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 2021 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
15 October 2021

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 15th day of October 2021.

Before me,
TAN KIM CHOOI (W661)
Commissioner for Oaths
Kuala Lumpur
Wilayah Persekutuan

List of Properties Held by The Group

As at 31 July 2021

Location	Description/ Existing Use/ Age of Building	Tenure	Land Area (Acres)	Built-up Area (sq.ft.)	Net Book Value (RM'000)	Year of Acquisition/ Revaluation*
HS(D) 17394 PT 7209 HS(D) 17395 PT 7210 GRN 60084 Lot 7561 Mukim and Daerah Jasin, Melaka	Mixed development	Freehold	1,349.6	-	273,668	2021
GRN 488391 Lot 64189 Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Mixed development	Freehold	175.1	-	230,286	2018
GRN 38309 Lot 1608, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan	Factory, office and warehouse for industrial use (Age: 10 - 23 years)	Freehold	28.7	508,452	123,928	2020 *
Mukim and Daerah Ulu Langat, Selangor Darul Ehsan	Mixed development	Freehold	140.6	-	101,705	2021
H.S. (D) 135841 P.T. No. 129324 Mukim and Daerah Klang, Selangor Darul Ehsan	Factory, office and warehouse for industrial use (Age: 6 - 9 years)	Leasehold for 99 years expiring on 24.02.2097	12.5	282,243	88,575	2020 *
Bandar Kundang and Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan	Mixed development	Freehold	98.1	-	87,419	2020/2021
GRN 61299 Lot 27069 Mukim Ayer Panas, Daerah Jasin, Melaka	Mixed development	Freehold	157.8	-	82,953	2021
GRN 23828 Lot 411 Mukim and Daerah Seremban, Negeri Sembilan Darul Khusus	Mixed development	Freehold	108.5	-	69,297	2021
Lot 215, Seksyen 15 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Corporate office building (Age: 5 years)	Leasehold for 99 years expiring on 27.07.2097	8.2	131,194	66,562	2020 *
Mukim 12, Tasek Gelugor, Daerah Seberang Perai Utara, Pulau Pinang	Mixed development	Freehold	77.4	-	64,704	2020

Analysis of Shareholdings

As at 13 October 2021

Type of Shares	-	Ordinary Shares
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	13,748

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held *	% *
Less than 100	217	1.58	6,036	0.00 ^
100 - 1,000	4,053	29.48	2,609,598	0.17
1,001 - 10,000	6,049	44.00	24,205,849	1.56
10,001 - 100,000	2,718	19.77	86,071,030	5.55
100,001 to less than 5% of issued shares	707	5.14	748,941,994	48.30
5% and above of issued shares	4	0.03	688,821,522	44.42
Total	**13,748**	**100.00**	**1,550,656,029**	**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)

	Name	No. of Shares Held: Direct Interest	% *	Deemed Interest	% *
1	Lim Peng Jin	7,312,032	0.47	865,229,034 [A]	55.80
2	Lim Peng Cheong	204,800	0.01	818,584,902 [B]	52.79
3	Scientex Holdings Sdn Berhad	325,546,872	20.99	141,477,612 [C]	9.12
4	Scientex Leasing Sdn Bhd	141,477,612	9.12	-	-
5	Scientex Infinity Sdn Bhd	142,744,668	9.21	546,076,854 [D]	35.22
6	TM Lim Sdn Bhd	79,052,370	5.10	-	-
7	Sim Swee Tin Sdn Bhd	72,930,600	4.70	79,052,370 [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)

	Name	No. of Shares Held: Direct Interest	% *	Deemed/ Indirect Interest	% *
1	Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	246,640	0.02	690,000 [a]	0.04
2	Lim Peng Jin	7,312,032	0.47	865,320,834 [b]	55.80
3	Lim Peng Cheong	204,800	0.01	825,694,150 [c]	53.25
4	Wong Chin Mun	243,000	0.02	-	-
5	Dato' Noorizah Binti Hj Abd Hamid	-	-	-	-
6	Ang Kim Swee	480,000 [d]	0.03	110,000 [e]	0.01

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

Other than as disclosed above, the Directors in office do not have any other interest in the shares of the Company and its related corporations as at the date of the Analysis of Shareholdings.

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.*

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	325,546,872	20.99
2	Scientex Infinity Sdn Bhd	142,744,668	9.21
3	Scientex Leasing Sdn Bhd	141,477,612	9.12
4	TM Lim Sdn Bhd	79,052,370	5.10
5	Sim Swee Tin Sdn Bhd	72,930,600	4.70
6	Progress Innovations Sdn Bhd	48,615,300	3.14
7	Low Geoff Jin Wei	18,119,696	1.17
8	Lembaga Tabung Haji	17,161,100	1.11
9	Lim Koy Peng	15,038,913	0.97
10	UOBM Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd*	13,621,000	0.88
11	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (Nomura)*	13,540,200	0.87
12	Malaysia Nominees (Tempatan) Sendirian Berhad - *Pledged Securities Account for Malacca Securities Sdn Bhd (35-00334-000)*	12,900,000	0.83
13	Cartaban Nominees (Asing) Sdn Bhd - *BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	12,153,600	0.78
14	Hong Leong Assurance Berhad - *As beneficial owner (Life Par)*	11,869,200	0.77
15	Saw Soon Lin	11,801,064	0.76
16	Cartaban Nominees (Tempatan) Sdn Bhd - *PAMB for Prulink Equity Fund*	10,955,500	0.71
17	Cartaban Nominees (Asing) Sdn Bhd - *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	8,830,900	0.57
18	Wong Mook Weng @ Wong Tsap Loy	8,499,728	0.55
19	CIMB Group Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd (NBFI-FIG)*	8,000,000	0.52
20	HSBC Nominees (Asing) Sdn Bhd - *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	7,777,200	0.50
21	Citigroup Nominees (Asing) Sdn Bhd - *Exempt An for Citibank New York (Norges Bank 19)*	7,557,000	0.49
22	Yatee & Sons Sdn Bhd	7,444,698	0.48
23	Lim Peng Jin	7,312,032	0.47
24	ABB Nominee (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd*	7,000,000	0.45
25	Chua Ah Nee	6,978,849	0.45
26	HSBC Nominees (Asing) Sdn Bhd - *JPMCB NA for Vanguard Total International Stock Index Fund*	6,732,324	0.43
27	HLB Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Malacca Securities Sdn Bhd (PJCAC)*	6,579,000	0.42
28	HSBC Nominees (Tempatan) Sdn Bhd - *HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund*	6,084,600	0.39
29	Loh Hoay Chye & Sons Sdn Bhd	5,376,000	0.35
30	HSBC Nominees (Tempatan) Sdn Bhd - *HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)*	5,189,100	0.33
	Total	**1,046,889,126**	**67.51**

Notes:-
* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

ANALYSIS OF WARRANTHOLDINGS

As at 13 October 2021

Exercise price per warrant	-	RM4.30
Expiry date of warrant	-	14 January 2026

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less than 100	1,307	20.10	46,666	0.05
100 - 1,000	2,827	43.46	1,187,806	1.15
1,001 - 10,000	1,804	27.74	6,212,096	6.01
10,001 - 100,000	477	7.33	14,806,302	14.33
100,001 to less than 5% of issued warrants	85	1.31	35,394,702	34.26
5% and above of issued warrants	4	0.06	45,663,493	44.20
Total	**6,504**	**100.00**	**103,311,065**	**100.00**

DIRECTORS' WARRANTHOLDINGS

	Name	No. of Warrants Held			
		Direct Interest	%	Deemed/ Indirect Interest	%
1	Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	17,776	0.02	46,000 [a]	0.04
2	Lim Peng Jin	482,904	0.47	57,437,713 [b]	55.60
3	Lim Peng Cheong	10,000	0.01	54,763,073 [c]	53.01
4	Wong Chin Mun	16,200	0.02	-	-
5	Dato' Noorizah Binti Hj Abd Hamid	-	-	-	-
6	Ang Kim Swee	27,200 [d]	0.03	3,200 [e]	0.00 ^

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

Other than as disclosed above, the Directors in office do not have any other interest in the warrants of the Company and its related corporations as at the date of the Analysis of Warrantholdings.

Notes:-

^ *Less than 0.01%.*

[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.*

Analysis of Warrantholdings

LIST OF THIRTY (30) LARGEST WARRANTHOLDERS

(Without Aggregating Warrants from Different Securities Accounts Belonging to the Same Person)

No.	Names	No. of Warrants Held	%
1	Scientex Holdings Sdn Berhad	21,703,124	21.01
2	Scientex Leasing Sdn Bhd	9,431,840	9.13
3	Scientex Infinity Sdn Bhd	9,258,371	8.96
4	TM Lim Sdn Bhd	5,270,158	5.10
5	Sim Swee Tin Sdn Bhd	4,832,000	4.68
6	Malacca Securities Sdn Bhd - *IVT(001)*	3,303,080	3.20
7	Progress Innovations Sdn Bhd	3,241,020	3.14
8	RHB Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Wong Yee Hui*	1,573,400	1.52
9	Low Geoff Jin Wei	1,274,646	1.23
10	Siau Kon Lin	1,200,000	1.16
11	Lim Koy Peng	1,002,594	0.97
12	Cartaban Nominees (Asing) Sdn Bhd - *BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	810,240	0.78
13	Saw Soon Lin	781,737	0.76
14	Lee Rong Sean	769,000	0.74
15	Maybank Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Ong Kok Yon*	748,120	0.72
16	Wong Mook Weng @ Wong Tsap Loy	564,315	0.55
17	Chia Hiang Nooi	500,000	0.48
18	Yatee & Sons Sdn Bhd	496,313	0.48
19	Lim Peng Jin	482,904	0.47
20	Lam Chee Wei	477,700	0.46
21	Chua Ah Nee	465,256	0.45
22	Pang Tse Ming	450,000	0.44
23	Chang Siew Sian	390,040	0.38
24	Loh Hoay Chye & Sons Sdn Bhd	358,400	0.35
25	Cimsec Nominees (Tempatan) Sdn Bhd - *CIMB for Kok Kong Chin (PB)*	340,200	0.33
26	Yong Sook Lan	339,134	0.33
27	Yap Pau Fang	332,100	0.32
28	Wong Soon Lim	312,195	0.30
29	HLB Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Mplusonline Sdn Bhd*	292,000	0.28
30	Minsoon Motors Sendirian Berhad	290,247	0.28
	Total	**71,290,134**	**69.00**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Third Annual General Meeting ("53rd AGM") of the Company will be held virtually through live streaming from the broadcast venue at Auditorium, Bangunan Scientex, No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan and via the TIIH Online website at https://tiih.online on **Wednesday, 8 December 2021** at **11.30 a.m.** for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2021 together with the Reports of the Directors and Auditors thereon.

2. To declare a single tier final dividend of 5 sen per ordinary share in respect of the financial year ended 31 July 2021. ***(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) Dato' Noorizah Binti Hj Abd Hamid ***(Resolution 2)***

   (b) Lim Peng Cheong ***(Resolution 3)***

4. To approve the payment of Directors' fees of RM730,000 for the financial year ended 31 July 2021. ***(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 2021, the audited retained earnings of the Company was RM214,840,000; 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 2022 to shareholders whose names appeared in the Record of Depositors of the Company on 5 January 2022.

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 2022;

(b) Shares deposited into the depositor's securities account before 12.30 p.m. on 4 January 2022 (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
9 November 2021

Notice of Annual General Meeting

Notes:-

1. ***Remote Participation and Online Voting***

   (i) *The 53rd AGM will be held virtually through live streaming and online voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.* ***Please follow the procedures provided in the Administrative Guide of the 53rd AGM which is accessible at www.scientex.com.my/investors-relations/agm-egm/ in order to register, participate and vote remotely via the RPV facilities.***

   (ii) *The broadcast venue of the 53rd AGM is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.* ***No member(s) or proxy(ies) or corporate representative(s) or attorney(s) shall be physically present or allowed to enter the broadcast venue on the day of the 53rd AGM.***

2. ***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 53rd 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 appointment of a proxy may be made via hard copy form or by electronic means in the following manner:*

   (a) *In hard copy form*

   Please ensure that the duly executed original Form of Proxy is deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not later than Monday, 6 December 2021 at 11.30 a.m.

   (b) *By electronic form (applicable to individual shareholders only)*

   The Form of Proxy can also be lodged electronically via TIIH Online website at https://tiih.online before the submission cut-off time as mentioned in note 2(iii)(a). Please refer to the Administrative Guide of the 53rd AGM on the Procedure for Electronic Submission of Form of Proxy.

   (iv) *In respect of deposited securities, only members whose names appear in our Record of Depositors as at 29 November 2021 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.*

3. ***Audited Financial Statements***

   Agenda 1 is for discussion at the 53rd AGM and no voting is required.

4. ***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.

5. ***Directors' Fees***

   The basis of fees payable to Directors remains unchanged for the financial year 2021. Further information of the Directors' Fees/Remuneration is set out in the Corporate Governance Overview Statement of the Company's Integrated Annual Report 2021.

6. ***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 2020 and which will lapse at the conclusion of the 53rd 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.

Notice of Annual General Meeting

Notes:- (cont'd)

6. ***Explanatory Notes on Special Business: - (cont'd)***

   (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 renew the authority given to the Directors to allot and issue New Scientex Shares pursuant to the DRP under the resolution passed at the last AGM held on 17 December 2020, the authority of which will lapse at the conclusion of the 53rd 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 9 November 2021.

7. ***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.

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-Third 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 9 November 2021 under item (i) of the Explanatory Notes on Special Business.

FORM OF PROXY

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				Proportion of Shareholdings
NRIC No./Passport No.				
Full Address				
Contact/Mobile Phone No.		Email Address		%

And/or failing him/her

Full Name				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-Third Annual General Meeting ("53rd AGM") of the Company to be held virtually through live streaming from the broadcast venue at Auditorium, Bangunan Scientex, No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan and via the TIIH Online website at https://tiih.online on **Wednesday, 8 December 2021** 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 5 sen per ordinary share.				
2.	To re-elect Dato' Noorizah Binti Hj Abd Hamid as Director of the Company.				
3.	To re-elect Lim Peng Cheong 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 ____________________ 2021.

____
Signature of Member(s)

Notes:-

1. ***Remote Participation and Online Voting***
   (i) *The 53rd AGM will be held virtually through live streaming and online voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.* ***Please follow the procedures provided in the Administrative Guide of the 53rd AGM which is accessible at www.scientex.com.my/investors-relations/agm-egm/ in order to register, participate and vote remotely via the RPV facilities.***
   (ii) *The broadcast venue of the 53rd AGM is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.* ***No member(s) or proxy(ies) or corporate representative(s) or attorney(s) shall be physically present or allowed to enter the broadcast venue on the day of the 53rd AGM.***
2. ***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 53rd 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 appointment of a proxy may be made via hard copy form or by electronic means in the following manner:*
      (a) *In hard copy form*
      Please ensure that the duly executed original Form of Proxy is deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not later than Monday, 6 December 2021 at 11.30 a.m.
      (b) *By electronic form (applicable to individual shareholders only)*
      The Form of Proxy can also be lodged electronically via TIIH Online website at https://tiih.online before the submission cut-off time as mentioned in note 2(iii)(a). Please refer to the Administrative Guide of the 53rd AGM on the Procedure for Electronic Submission of Form of Proxy.
   (iv) *In respect of deposited securities, only members whose names appear in our Record of Depositors as at 29 November 2021 shall be regarded as a member and entitled to attend, participate, speak and/or vote at the meeting or appoint proxy to attend, participate, speak and/or vote on his/her behalf.*

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COMPANY SECRETARY

SCIENTEX BERHAD
Company No. 196801000264 (7867-P)

No. 9, Persiaran Selangor

Seksyen 15, 40200 Shah Alam

Selangor Darul Ehsan, Malaysia

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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

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