

SCIENTEX BERHAD
Company No. 196801000264 (7867-P)
(Incorporated in Malaysia)

Minutes of the Fifty-Third Annual General Meeting of the Company (“AGM”) 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.

PRESENT : Directors
YBhg. Tan Sri Dato’ Mohd Sheriff Bin Mohd Kassim - in the Chair
Mr Lim Peng Jin
Mr Lim Peng Cheong
Mr Wong Chin Mun
Dato’ Noorizah Binti Hj Abd Hamid
Mr Ang Kim Swee

Shareholders, Proxies and Corporate Representatives as per attendance list.

IN ATTENDANCE : Ms Tung Wei Yen } Company Secretary
Ms Ong Ling Hui }

BY INVITATION : Mr Teo Swee Chua - Deloitte PLT
Ms Joey Wong - Legal Manager
Representatives of Tricor } Poll Administrators
Investor & Issuing House }
Services Sdn Bhd }
Representative of Asia } Scrutineer
Securities Sdn Bhd }

VIRTUAL MEETING PLATFORM : <https://tiih.online>

1. WELCOME ADDRESS

The emcee of the Meeting, Ms Joey Wong welcomed the participation of the attendees to the virtual AGM. It was noted that in light of COVID-19 cases being actively detected in all states and territories of Malaysia, the Company has continued to take prudent approach to safeguard the safety and health of all participants with the AGM being conducted on a virtual basis and providing remote participation and voting (“RPV”) facility to all shareholders who have logged in for the Meeting. The Company acknowledged that AGMs serve as an important communication channel for shareholders. Therefore, the Company will continue to engage with shareholders through various modes including embracing technologies to enhance communication. The Meeting was conducted in line with the provisions of the Company's Constitution and in compliance with existing laws and regulatory requirements.

2. CHAIRMAN

YBhg. Tan Sri Dato’ Mohd Sheriff bin Mohd Kassim chaired the Meeting and commenced the proceedings of the AGM. He welcomed the shareholders, proxies and corporate representatives to the Meeting and introduced the members of the Board of Directors, the Company Secretary and the auditor who were seated with him at the broadcast venue.

3. QUORUM

The Chairman called the Meeting to order at 11.30 a.m. after the Secretary confirmed the requisite quorum had logged-in at the start of the Meeting.

4. NOTICE OF MEETING AND ADMINISTRATIVE MATTERS

The Chairman informed that all resolutions stated in the Notice of AGM would be put to vote by way of poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities. The Company had appointed an independent service provider, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as the Poll Administrator to facilitate the poll voting via the RPV facilities and Asia Securities Sdn Bhd as the independent Scrutineer to verify the poll results. The poll was conducted electronically via the RPV facilities provided by Tricor. The voting session had commenced from 11.30 a.m. until the Chairman announced the end of voting session. The Poll Administrator briefed the shareholders, proxies and corporate representatives on the online voting procedures adopted for the RPV facilities.

The Chairman briefed the shareholders on the agendas of the Meeting. The Notice of AGM dated 9 November 2021 having been circulated to all shareholders of the Company within the statutory period was taken as read.

5. QUESTION AND ANSWER

The Chairman highlighted that the Company had received a letter from the Minority Shareholders Watch Group (“MSWG”) on 2 December 2021, seeking clarification on the Company’s operational, financial and corporate governance matters. He then invited the emcee to read out the Company’s reply to the pre-submitted questions received from MSWG as follows: -

Pre-Submitted Questions by MSWG

Operational & Financial Matters

1. On 8 November 2021, Scientex’s unconditional voluntary takeover offer of Daibochi Berhad had closed, however Scientex was unable to accumulate the required 90% stake to privatise Daibochi. As of now, Scientex holds 71.9% equity interest in Daibochi.

a) What is Scientex’s gameplan for Daibochi?

Answer: We will continue to focus on growing the business, as well as explore various business opportunities and other options taking into account the interest of the company.

b) When the Company launched a conditional mandatory take-over offer on Daibochi back in 2019, the plan was to maintain the listing status. But now, the Company plans to privatise Daibochi.

Why is there a change in Scientex’s strategy?

Answer: When we acquired Daibochi in 2019, our focus was to bring together two complementary organisations and enhance their respective operating capabilities and economies of scale through synergistic and complementary product portfolios. This remains our focus today and since our acquisition of Daibochi in 2019, we have made significant progress in enhancing Daibochi’s performance and operations.

However, the COVID-19 pandemic brought into focus the importance of business continuity and greater business agility to manage any potential disruption and impact to our business operations.

Hence, the privatisation exercise was intended to provide greater flexibility and autonomy to rationalise our business activities and streamline the operations of both Scientex and Daibochi to capture more market opportunities in the consumer packaging space and to capitalise on the fast-growing flexible plastic packaging industry.

2. It was mentioned at the last AGM that Scientex's Arizona plant was operating at utilisation rate of 30% in view of challenges faced during the COVID-19 pandemic.

- a) Has the Group been able to ramp up the capacity utilisation of the Arizona plant? What is the current utilisation rate?
- b) It was reported that Scientex had put on hold the plan for the new Lancaster facility. Is the Group keen to revisit this expansion plan?

Answer: The utilisation rate for the Arizona plant remains at 30% due to the challenging environment from labour unavailability and supply chain disruptions due to COVID-19. We will still work towards increasing our utilisation rate.

We are monitoring the COVID-19 situation and the earlier planned expansion to Lancaster remains on hold. Our primary focus is to reinforce our existing presence in Arizona meantime.

3. Based on Scientex's disclosure in its Annual Report 2021 (AR2021), the consumer packaging segment saw the rise of several innovations e.g., flexi-ink receptive BOPP film, MOPP film, Avanti CPP film et cetera.

Given that the consumer packaging segment faced operational challenges in FY2021 due to factors like rising material and logistic cost, will commercialisation of these innovations contribute to better financial performance of the segment in FY2022?

Answer: Product innovation is among our key growth drivers in the packaging segment. Through innovation, we bring new and improved solutions in line with latest market requirements, to support our existing customers and expand our customer base. These efforts also strengthen our competitiveness and position in the industry.

4. The issue of properties overhang remains prevalent in the local property market. National Property Information Centre (NAPIC) revealed that as of third quarter of 2021, there were RM19.75 billion worth of completed unsold houses. States like Kuala Lumpur, Penang, Selangor and Johor recorded the highest number of unsold houses.

Does Scientex face the issue of unsold properties, notwithstanding its primary offerings of affordable houses? What is the extent of unsold properties among Scientex's property portfolio?

Answer: Scientex's property developments are concentrated on the affordable landed homes category where demand is robust. We have minimal unsold properties at less than 10% of our total property sales. As at FY2021, our unsold completed property units amounted to RM90.6 million, a reduction from RM92.4 million in the previous year. (Integrated Annual Report 2021, page 167).

5. In FY2021, there was an increase in the number of work-related injuries across Scientex’s packaging and property division. For the packaging division, a total 94 accidents and one fatal injury were recorded (FY2020: 83 accidents, 0 fatal injury)

As for the property division, there were 35 accidents recorded as compared to 12 accidents in the previous year.

(Source: Page 69, Sustainability Report 2021).

- a) What were the causes of these accidents especially the fatality that occurred at Scientex’s Rawang, Selangor plant?
- b) What are the prevention measures taken to ensure zero fatality and lower rate of accidents in the future?

Answer: The incidents were due to breaches in existing safety and health protocols that were in place. We have investigated the nature of the accidents and their causes, and proposed enhanced measures on employee education and compliance.

Corporate Governance Matters

1. Non-audit fees

	FY2021	FY2020
Audit fees	RM1,026,000	RM966,000
Non-audit fees	RM1,502,000	RM463,000
Total audit and non-audit fees	RM2,528,000	RM1,429,000

Source: Annual Reports 2020 – 2021

In FY2021, Scientex paid RM1.5 million non-audit fee to Deloitte PLT and its affiliates, which is higher than the audit fee incurred during the year (page 107 of AR2021) for services related to tax compliance and advisory services, sustainability and integrated reporting services, and due diligence in relation to corporate exercises.

As for FY2020, Scientex incurred non-audit fees of RM463,000 against audit fees of RM966,000 (page 114 of AR2020).

- a) Are the non-audit services provided in FY2021 recurring in nature?
- b) Does the Company have a policy on percentage of non-audit fees paid to its external auditor compared to audit fees paid? What is Scientex’s policy in relation to non-audit fees and audit fees? Is there a cap as to the percentage of non-audit fees to audit fees (or total fees) paid to external auditor and its affiliates?

Answer: The details for the non-audit fees for FY2021 are as follows:

Types of services	RM’000
Advisory for tax audit	600
Annual tax compliance and transfer pricing documentation	390
Country-by-Country Reporting (CbCR) filing	145
Integrated and sustainability reporting and other advisory	367

We do not have policy or cap for non-audit and audit fees.

2. Scientex's managing director/chief executive officer Mr. Lim Peng Jin received total remuneration of RM11.7 million in FY2021, of which approximately 43% (or RM5.02 million) were bonuses, allowances and other emoluments (page 98 of AR2021).

What is the breakdown of the bonuses, allowances and other emoluments received by Mr. Lim?

Answer: The amount relates to performance bonus.

3. During the financial year, the internal auditors had reviewed and audited the information technology system, quality assurance, inventory and fixed assets, receivables cycle, scheduled waste management and worker's accommodation of certain key business units (page 105 of AR2021).
 - a) How many audit cycles were conducted, and how many reports were published during FY2021?
 - b) What were the main recommendations by internal auditors based on their audits?

Answer: There were 14 audits conducted in FY2021. Reports were published for all audits conducted with additional reports on follow up implementation of past audit recommendations.

Based on the audit conducted, the Group's controls were found to be in place. The auditors' recommendations include policies and procedures to improve and enhance on waste management. Furthermore, additional improvements to safeguard assets of the company that are proposed include but are not limited to insurance, better maintenance, and storage practices.

On behalf of the Company, the emcee thanked MSWG for raising the questions in the interest of all shareholders. Following the pre-submitted questions by MSWG, the Managing Director/Chief Executive Officer, Mr Lim Peng Jin addressed the queries and comments from the shareholders as follows: -

1. Based on our initial review, two subsidiary companies of the Group might be subjected to "Cukai Makmur" in FY2022. However, the Group has reinvestment allowances this year and last year. The Group's effective tax rate in FY2021 was around 19%. For FY2022, with the reinvestment allowances, the Group's effective tax rate is expected to be lower than the statutory tax rate of 24% but higher than the prior year's effective tax rate.

The pages 56 and 57 of the Integrated Annual Report 2021 (IAR 2021) of the Company details the Group's plan and roadmap on how to achieve the goals set for FY2023. Our drivers of growth are Capacity, Efficiency, Product value. For packaging division, in the past few years, the Group has been working to expand based on market trend. We have expanded capacity and capability in our plants in Ipoh, Klang and building a new robotic stretch film plant in Shah Alam. We expect to commission the stretch film machines mid next year. Expansions are also ongoing as planned at the Group's plants in Port Klang, Rawang and Melaka. Notwithstanding that the Group faces challenges in the market, eg the current material and logistic challenges, the Group is confident that it will have the capacity and capability to meet the target volumes when market improves. For property division, we have raised our target to 8,000 affordable homes. The map on page 17 of the IAR 2021 shows the expansion of our land bank to 30 in the current year. With the expansion in land bank, the Group target to launch 7,000 unit in FY2022 and 8,000 units affordable homes annually FY2023 onwards.

2. With reference to page 68 of IAR 2021, the Group had increased the innovation of the mono-material laminate packaging solutions which are recyclable. Another example is the development of its first paper-based fully recyclable packaging solution in FY2021. Together, these innovations drive a range of benefits which include , reuse, recycle, lower usage and waste of raw materials.
3. Having completed 3 bonus issues for the past 10 years, the Company does not have any plan to undertake the bonus issue for the time being. The Board will take into consideration of the bonus issue in future. With regard to dividend, currently there is no plan to change the existing dividend policy of the Company.
4. For FY2021, the Company had spent approximately RM27,000 to hold the virtual annual general meeting.
5. There is no plan for the Group to split out its property division at this moment. The Group sees itself as a manufacturer of plastic packaging as well as house. The Group will remain its twin core business models and working on expanding organically through the acquisition of land banks for property division and increase in capacity and capabilities of the packaging division depends on the prevailing market conditions. The Group will continue to look for opportunities through both mergers and acquisitions and organic growth.
6. Scientex Group is providing almost full range of packaging solutions and we will continue explore new business opportunities by putting in resource to analyse, innovate and collaborate with customers in developing new packaging solutions. Innovation is one of the Group's key for growth. The Group has many successful launches of sustainable products which gives it more opportunities to increase customers base and its competitiveness.
7. The Group had undertaken some measures to retain workers including improved workers welfare and having conducive living environment in accordance to CIDB requirements. The adoption of Industrialised Building System where standardisation of housing/ building designs for the construction of buildings had resulted in better quality, efficiency and productivity whilst deploying a lesser workforce. In the packaging division, we also embarked on automation. Our foreign labour stood at approximately 22% as at 31 July 2021.
8. For FY2022, the Group target to launch 7,000 units of affordable homes compared to around 5,000 units sold in FY2021. The house pricing is one of the main factor of a successful affordable housing. We strive to make our price affordable and efforts are put in to drive the cost down. The Group's expansion of land bank today is in-line with that, and also to keep the unsold properties at a manageable level.
9. One of the current challenges faced is the heightened freight costs and container shortage, which remains a worldwide issue. Comparing FY2020 & FY2021, freight cost has increased approximately 45% and approximately another 20% for first four months of FY2022 compared to FY2021. The Group will continue to work together with the service providers in order to better manage and minimise the impact caused by container shortage on the supply and deliveries of our goods.
10. Despite soft sentiment in the property market in the past two years, the Group manage to achieve good sales due to the Group's focus on affordable housing. With the improvement in market sentiment, we continue to see positive response for the Group's property launches.

11. Disclosures on the Company's sustainability efforts in FY2021 were presented in our inaugural stand-alone Sustainability Report 2021. The Sustainability Report for FY2021 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, concentrating on three pillars: Creating Shared Sustainable Value; For the Betterment of the Environment & Our People, Our Pride. We are committed to ESG and sustainability initiatives.
12. Another interesting project on ESG is the post-consumer resin (PCR) project in joint collaboration with various parties. Plastic waste is collected and through chemical reaction, made into oil which is subsequently made into resin, with each party playing a different role, to complete the circular economy. At current, some of the Group's products in the packaging division are also biodegradable.
13. Raw materials price in packaging division has always been volatile. Where possible, pricing to customers will be adjusted via price review mechanism. However, there could be some time lag on the pricing adjustment in the short term. In property division, in terms of the pricing of our properties, despite increase in material cost, our low land cost might enable us to continue to maintain the affordable prices. However, if the drastic increase in construction materials cost continued, we might need to adjust selling price accordingly.
14. The acquisition of freehold lands in Jasin was completed during FY2021. We have launched its first phase in December and response is encouraging. The sizable land bank enables the Group to continue launching highly successful affordable home projects in the near future.
15. The Group has embarked on its first Northern region development project, Tasek Gelugor in Penang and had its first launch in August 2021. With the response to our affordable homes in Penang having been so positive thus far, we have also committed to acquire land in Sungai Dua. The Group completed the acquisition of the land in Sungai Petani in FY2021 and expect to launch in early 2022. With our pricing mechanism, response has been positive so far.
16. The Group's net borrowing stood at RM876 million and net operating cash flow of approximately RM700 million in FY2021. Some of the land expansion will be paid over the next few years to ease the cash flow. Due to the new acquisition of lands and expansion of its packaging division, the Group's gearing ratio had increased approximately 0.4 times as at 31 October 2021. Management opined that the gearing ratio of below 0.5 times is still at a healthy and manageable level.
17. Total capital investment in packaging division over these three years (FY2021, 2022 & 2023) is approximately RM500 million.

Due to time constraints, the Board was not able to address all questions which was received during the AGM via the query box. However, the Board will try its best to respond to the relevant questions either through emails after the conclusion of the AGM or its response would be posted on the Company's website. *(The full details of the remaining Q&A are available in Appendix I hereto)*

6. POLL VOTING

As there were no further questions from the shareholders, the Chairman allowed a further 5 minutes for those who has yet to cast their votes to do so prior to the closing of the voting session. Thereafter, the Chairman declared the online voting session closed and adjourned the meeting for the Poll Scrutineer to verify the poll results.

The poll results tabulated by the Poll Administrator and duly validated by the Poll Scrutineer were as follows:

Ordinary Resolution 1

Description	To approve the declaration of a single tier final dividend of 5 sen per ordinary share	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	440	9
No. of Shares	1,060,267,617	266
% of Voted Shares	100.0000	0.0000
Result	Accepted	

Ordinary Resolution 2

Description	To re-elect Dato' Noorizah Binti Hj Abd Hamid as Director of the Company	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	346	101
No. of Shares	1,004,298,526	55,956,077
% of Voted Shares	94.7224	5.2776
Result	Accepted	

Ordinary Resolution 3

Description	To re-elect Lim Peng Cheong as Director of the Company	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	422	29
No. of Shares	1,037,941,871	22,384,032
% of Voted Shares	97.8889	2.1111
Result	Accepted	

Ordinary Resolution 4

Description	To approve the payment of Directors' fees of RM730,000	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	407	37
No. of Shares	1,060,104,340	124,063
% of Voted Shares	99.9883	0.0117
Result	Accepted	

Ordinary Resolution 5

Description	To re-appoint Deloitte PLT as the Auditors of the Company and to authorise the Directors to fix remuneration	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	293	126
No. of Shares	940,889,984	81,118,539
% of Voted Shares	92.0628	7.9372
Result	Accepted	

Ordinary Resolution 6

Description	To authorise the Directors to allot and issue shares pursuant to the Companies Act 2016	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	420	27
No. of Shares	1,029,924,919	30,349,184
% of Voted Shares	97.1376	2.8624
Result	Accepted	

Ordinary Resolution 7

Description	To approve the Proposed Renewal of Authority to allot and issue new ordinary shares under the Company's Dividend Reinvestment Plan	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	426	25
No. of Shares	1,060,077,795	248,108
% of Voted Shares	99.9766	0.0234
Result	Accepted	

Ordinary Resolution 8

Description	To approve the Proposed Renewal of Share Buy-Back Authority	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	428	18
No. of Shares	1,060,245,023	7,780
% of Voted Shares	99.9993	0.0007
Result	Accepted	

Based on the poll results, all the resolutions tabled at the Meeting were duly passed by the shareholders.

7. CONCLUSION

The Chairman then declared the Meeting concluded at 12.50 p.m.

CONFIRMED AS A CORRECT RECORD

CHAIRMAN

Dated this day of

Remaining Question and Answer of the Fifty-Third Annual General Meeting

No.	Question	Answer
1	As a lesson from this pandemic outbreak, what will be Scientex next 5 years plan to make sure the company profitable and shareholder will be rewarded handsomely?	<p>Scientex’s strategies are guided by our vision:</p> <ul style="list-style-type: none"> • ‘To Grow The Scientex Community For A Better Tomorrow’ • ‘To Double Up Every Five Years’ <p>The Group has earmarked FY2023 as the next milestone. By then, we 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.</p> <p>More information on our roadmap towards FY2023 is available on Pages 56 – 57 of the Integrated Annual Report 2021.</p>
2	Based on your peers Tguan and Bpplas, the revenue and net profit grow significantly in this financial year due to higher selling price. However, for Scientex plastic division, the revenue drop yoy due to logistic cost and higher raw materials price as this problem also faced by your peers, can you comment more on this?	<p>Scientex’s Packaging Division registered revenue of RM2.49 billion in FY2021 (FY2020: RM2.55 billion). Notably, sales of industrial packaging remained healthy and continued to register growth in FY2021. However, the converting business under the consumer packaging segment registered lower contribution, affected by the operational challenges faced due to COVID-19 mandated containment measures as well as impact of higher raw material prices and freight cost.</p>
3	would you consider to develop water soluble film (polyvinyl alcohol)? there are a huge demand for this product in garment industry	<p>Scientex’s Packaging Division undertakes research and development, as well as collaboration with customers, to develop new and innovative products that meet latest industry demands.</p> <p>At present, our packaging solutions primarily cater to industrial and consumer packaging requirements. The development of other product categories will depend on further studies of market demand, as well as alignment to the Group’s growth strategies.</p>
4	every year, how many new employees will be hired?	<p>Scientex hired 628 new employees in FY2021. More information on our rate of new hires is available on Page 73 of the Sustainability Report 2021.</p>
5	Any M&A in the coming years?	<p>Scientex has historically grown through both organic and acquisitive means.</p> <p>The Group is open to considering opportunities that are complementary to our existing businesses.</p>

No.	Question	Answer
6	For current roadmap Scientex preferably local or oversea company M&A?	Scientex is open to opportunities in Malaysia and overseas that are complementary to our existing businesses.
7	Will Scientex venture into the property investment segment (landlord) that gives the company more recurring income compared to property development that is more capital-intensive and one-off?	Currently, we do have some investment properties, receiving recurrent rental income. However, if there are more opportunities to expand in this area, we will explore further. More information on our investment properties and rental income is available on Page 155 of the Integrated Annual Report 2021.
8	would you fix the resin cost with supplier like Petronas Chemical (commit certain amount of resin per annum at fixed price)?	We do not have long term contracts with fixed pricing with our resin suppliers.
9	Does Scientex plan to manufacture takeaway boxes?	Scientex have 30% holdings in an associate, Hiro Food Packages Manufacturing Sdn Bhd which manufactures quality food containers.
10	Is there any complaint filed regarding on the affordable house during handover? If yes, what are the common complaints and what's your action plan?	Yes, we do receive complaints. We have set up a team and proper procedures are put in place to address the complaints
11	Clients have been complaining about poor workmanship. May I know how can the management to improve it? Clients got complained workmanship and quality very bad when get the keys for new houses, how Scientex going to improve this type of problem?	We have set up a team with proper procedures put in place to address the complaints
12	There has been a rise in demand for renewable energy using solar panels and more companies are venturing into this business in Malaysia. Scientex has a JV Co involved in manufacturing for photovoltaic solar modules. Can the MD provide some thoughts on this business and whether Scientex will increase its investment in this venture and the prospects for the next few years.	We currently have a JV partner producing solar encapsulant films (for use in photovoltaic solar cell modules). We will explore new growth opportunities in this area should they arise.