

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

Minutes of the Fifty-Fourth (54th) Annual General Meeting (“AGM” or “Meeting”) of Scientex Berhad (the “Company” or “Scientex”) 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 on Thursday, 8 December 2022 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
Mr Choo Yung Siong - Sustainability Manager
Representatives of Tricor } Poll Administrators
Investor & Issuing House }
Services Sdn Bhd }
Representative of Asia } Scrutineer
Securities Sdn Bhd }

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

1. WELCOME ADDRESS

The emcee of the 54th AGM, Ms Joey Wong introduced herself. On behalf of the Board of Directors and management of the Company, she welcomed the participation of the attendees to the virtual AGM. She informed that the Company acknowledged general meetings serve as an important communication channel for shareholders’ engagement. Therefore, the Company will continue to adopt various modes of communication including embracing technologies to enhance shareholders’ engagement. The AGM was telecast live from the broadcast venue at the Company’s headquarters located at Shah Alam. The remote participation and voting (“RPV”) facilities adopted by the Company for online voting purposes was provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”). The emcee proceeded to invite the Chairman to commence the AGM.

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, the Auditor and the Sustainability Manager who were seated with him at the broadcast venue.

3. QUORUM

The Chairman called the Meeting to order at 11.35 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 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 2022 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 2022, seeking clarification on the Company’s operational, financial and corporate governance matters. He invited the emcee who then read out the questions received from the MSWG and the Company’s responses as set out in the Company’s letter to the MSWG dated 7 December 2022 (attached hereto as Appendix I).

On behalf of the Company, the emcee thanked the MSWG for raising the questions in the interest of all shareholders. Following the questions received from the MSWG, the Managing Director/Chief Executive Officer of the Company, Mr Lim Peng Jin addressed the queries and comments from the shareholders (attached hereto as Appendix II), received prior to and during the AGM.

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 | 391 | 12 |
| No. of Shares | 1,040,903,528 | 15,981 |
| % of Voted Shares | 99.9985 | 0.0015 |
| Result | Accepted | |

Ordinary Resolution 2

| | | |
|-----------------------------|--|------------|
| Description | To re-elect Wong Chin Mun as a Director of the Company | |
| Shareholder's Action | For Voting | |
| Voted | For | Against |
| No. of Shareholders | 376 | 26 |
| No. of Shares | 1,011,579,822 | 29,339,387 |
| % of Voted Shares | 97.1814 | 2.8186 |
| Result | Accepted | |

Ordinary Resolution 3

| | | |
|-----------------------------|---|------------|
| Description | To re-elect Ang Kim Swee as a Director of the Company | |
| Shareholder's Action | For Voting | |
| Voted | For | Against |
| No. of Shareholders | 332 | 71 |
| No. of Shares | 996,361,931 | 31,351,378 |
| % of Voted Shares | 96.9494 | 3.0506 |
| 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 | 364 | 36 |
| No. of Shares | 1,040,673,605 | 211,704 |
| % of Voted Shares | 99.9797 | 0.0203 |
| 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 | 372 | 29 |
| No. of Shares | 1,039,853,720 | 1,065,189 |
| % of Voted Shares | 99.8977 | 0.1023 |
| 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 | 363 | 39 |
| No. of Shares | 1,000,752,116 | 40,167,093 |
| % of Voted Shares | 96.1412 | 3.8588 |
| 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 | 371 | 31 |
| No. of Shares | 1,040,228,360 | 672,789 |
| % of Voted Shares | 99.9354 | 0.0646 |
| 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 | 379 | 23 |
| No. of Shares | 1,040,852,728 | 41,881 |
| % of Voted Shares | 99.9960 | 0.0040 |
| 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

- Approved -

CHAIRMAN
 Dated this 28th day of December 2022

Appendix I

Questions from Minority Shareholders Watch Group

| No. | Questions | The Company's Responses / Answers |
|------------|--|---|
| 1. | <p><u>Operational & Financial Matters</u></p> <p>In FY2022, Scientex recorded a 9% growth in revenue to RM4 billion compared to RM3.66 billion in the year before. However, the net profit recorded a 10.4% contraction to RM409.9 million from RM457.2 million.</p> <p>Notably, the contraction was recorded after 12 years of uninterrupted profit growth since FY2009. Both packaging and property divisions recorded declines in profit due to operational challenges and geopolitical tensions.</p> <p>The Group is cautiously optimistic that both divisions will maintain their growth trajectory in the upcoming financial year.</p> <p>Why would FY2023 be a better year for Scientex, given the less rosy economic outlook and consumer spending?</p> | <p>The Group's Property Division continues to see resilient demand for its affordable homes which is expected to boost its top line for FY2023. Operational issues which afflicted the Group in FY2022 such as material shortages, delays in obtaining regulatory approvals and worker shortages are being duly addressed which in turn is expected to translate into better performance for FY2023. For the Packaging Division, demand remains relatively stable especially for its consumer-based packaging. With the easing of raw material prices and logistics costs, the Group anticipates that global demand for its products will continue to be resilient as it maintains its competitive strengths in the global marketplace.</p> |
| 2. | <p>Despite recording a marginal contraction of 1.2% in sales volume to 277,270 metric tonnes (MT) from 280,660 MT in the previous year, Scientex's packaging division recorded an increase of 14.8% in revenue to RM2.86 billion compared to RM2.49 billion in FY2021 thanks to the higher average selling price and robust demand from customers.</p> <p>However, the impact of the higher ASP was weighed down by supply chain disruptions, rising freight and raw materials costs and acute labour shortages globally.</p> <p>a) Going forward, is the revenue of the packaging division expected to be driven by cost-push inflation or volume growth factor? Meanwhile, with signs of easing in raw material prices and freight cost, how soon will it result in a recovery in profit margin?</p> | <p><u>Reply to Question 2 (a):</u></p> <p>Revenue will continue to be influenced by both cost-push inflation and volume growth factors. With the easing of raw material prices and freight cost, the Group anticipates margin compression to be better managed.</p> |

| No. | Questions | The Company's Responses / Answers | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------|--|---|------------------|------------------|------------------|------------------|------------------|------------------|---------|--------|--------|--------|--------|--------|-----|-------|----------|----------|----------|-------|--|--------|--------------------|--------|----------------|--------|---------------------|----------------|
| | <p>b) What is the current utilisation rate of Scientex's plants by geographical region? How acute is the foreign labour shortage issue to Scientex? Has Scientex's demand for foreign labour been met? What is the upside for plant utilisation rates as foreign labour slowly returns?</p> | <p><u>Reply to Question 2 (b):</u> The average utilisation rate for the Group's Malaysian operations is approximately 60% whereas the average utilisation rate for its non-Malaysian operations is approximately 35%. The Group has managed to recruit foreign workers with the reopening of the country's borders to alleviate its worker shortage problem. Adopting a longer-term view, the Group has strategically invested in plant automation to reduce dependency of foreign labour. Moving forward, the Group expects greater embrace of automation and technology to drive efficiency and production capacity of its plants to be more efficient, increase productivity yields and lower overall production costs to make its products more cost competitive for the global markets. This in turn is expected to drive demand and hence increase the plant utilisation rate.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | <p>In September 2022, Scientex completed the acquisition of 80.2% equity interest in Taisei Lamick Malaysia Sdn Bhd (TLM) for RM63.78 million in cash.</p> <p>TLM is principally involved in the manufacturing and sale of flexible plastic packaging (FPP) materials from its plant in Kajang, Selangor. For the financial year ended 31 March 2022, TLM recorded revenue of RM61.7 million and a net profit of RM1.34 million. It had net assets of RM79.87 million as of 31 March 2022.</p> <p>a) While the purchase price represented a price-to-book ratio of about one time, it translated to a price-to-earnings ratio of about 60 times. Please explain the valuation method applied for the acquisition of TLM.</p> <p>b) What is the historical financial performance of TLM for the recent five years? What is the production capacity of TLM? What is the breakdown of TLM's assets? Does the Kajang plant require major upgrades/overhauls?</p> <p>c) What synergy can be created between TLM and other FPP subsidiaries? What is the progress of integrating TLM in Scientex's packaging group of companies? Is there any overlap between TLM's clients and Scientex's existing customers?</p> | <p>The acquisition of TLM was based on net asset valuation. For the financial performance of TLM for the recent five years, asset breakdown and production capacity of TLM, please refer to the Appendix attached herein. At the present moment, TLM plant does not require any major upgrade/overhaul. In terms of product range, there are no overlapping of major customers between TLM and Scientex Group of companies. TLM operates in a differentiated product market segment specialising in the production of liquid and paste packaging in the food and beverage sector as well as healthcare and hygiene related packaging products. The integration of TLM into Scientex Group is expected to generate synergistic benefits with other FPP subsidiaries as Scientex Group continues to expand its product portfolio in the flexible plastic packaging industry.</p> <p>Historical Financial Performance for FYE 31 March:</p> <table border="1" data-bbox="803 1333 1445 1417"> <thead> <tr> <th></th> <th>2022 (RM'000)</th> <th>2021 (RM'000)</th> <th>2020 (RM'000)</th> <th>2019 (RM'000)</th> <th>2018 (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>61,697</td> <td>52,523</td> <td>47,161</td> <td>39,035</td> <td>53,638</td> </tr> <tr> <td>PBT</td> <td>1,340</td> <td>(36,940)</td> <td>(13,790)</td> <td>(20,093)</td> <td>1,369</td> </tr> </tbody> </table> <p>Breakdown of Total Assets as at FYE 31 March 2022:</p> <table border="1" data-bbox="803 1480 1144 1564"> <thead> <tr> <th></th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td>87,854</td> </tr> <tr> <td>Current assets</td> <td>30,313</td> </tr> <tr> <td>Total Assets</td> <td>118,167</td> </tr> </tbody> </table> <p>* For details breakdown of the total assets, please refer to the upcoming quarter results announcements.</p> <p>Annual Production Capacity: 77 million metres</p> | | 2022 (RM'000) | 2021 (RM'000) | 2020 (RM'000) | 2019 (RM'000) | 2018 (RM'000) | Revenue | 61,697 | 52,523 | 47,161 | 39,035 | 53,638 | PBT | 1,340 | (36,940) | (13,790) | (20,093) | 1,369 | | RM'000 | Non-current assets | 87,854 | Current assets | 30,313 | Total Assets | 118,167 |
| | 2022 (RM'000) | 2021 (RM'000) | 2020 (RM'000) | 2019 (RM'000) | 2018 (RM'000) | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 61,697 | 52,523 | 47,161 | 39,035 | 53,638 | | | | | | | | | | | | | | | | | | | | | | | |
| PBT | 1,340 | (36,940) | (13,790) | (20,093) | 1,369 | | | | | | | | | | | | | | | | | | | | | | | |
| | RM'000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 87,854 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 30,313 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Assets | 118,167 | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Questions | The Company's Responses / Answers |
|-----|--|---|
| 4. | <p>The financial performance of the Property division was aggravated by higher raw material costs, material shortages, and delays in obtaining regulatory approvals. These caused Scientex to post lower sales and profits. The division also completed fewer houses - 1,403 units compared to 3,766 units in FY2021.</p> <p>a) What is the outlook for property sales and the number of completed houses for FY2023?</p> <p>b) Scientex has completed 26,700 units of affordable homes. The Group has a target of constructing 50,000 affordable homes by 2028. Is the Company still on track to achieve this target?</p> <p>c) The property division launched RM1.2 billion worth of projects in FY2022, 20% lower than the RM1.5 billion launched in FY2021. What is the GDV target for FY2023?</p> | <p>The Property Division anticipates to see a better outlook for FY2023 with the easing of material shortages and the delays in obtaining regulatory approvals and worker shortages being addressed. In line with its geographical expansion, the Property Division expects to conduct more launches encompassing 7 states across Peninsular Malaysia by leveraging on our branding, affordable pricing and strategic locations which is expected to boost sales for FY2023. The Property Division remains on target towards achieving 50,000 affordable homes by 2028.</p> |
| | <u>Corporate Governance Matters</u> | |
| 1. | <p>Scientex has departed from applying Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG 2021), which encourages a board to comprise at least 30% women directors. As of FY2022, the Board has five male and one female director.</p> <p>In the Corporate Governance Report 2021, Scientex committed to applying the said practice within one year (page 20 of CGR2021). However, the timeline was revised to “within three years” in CGR2022.</p> <p>Why is there a revision in the timeline to apply the Practice? Why was Scientex unable to commit to the earlier target?</p> | <p>The Group revised the timeline to apply the Practice as it is in the process of searching for suitably qualified candidates who possess technical and commercial skills who can provide value-added contributions and bring different perspectives to the board.</p> |

| No. | Questions | The Company's Responses / Answers |
|------------|---|---|
| 2. | <p>Scientex has applied Practice 4.4 of MCCG 2021, which encourages PLCs to perform performance evaluations of the board and senior management by including a review of their performance in addressing the company's material sustainability risks and opportunities.</p> <p>What were the critical sustainability-related issues/concerns raised by the Board in addressing Scientex's material sustainability risks and opportunities? How well has the Board performed in the management of material sustainability risk.</p> | <p>Our Scientex Sustainability Framework encompasses inter alia governance framework and sustainability initiatives which the Board assumes overall responsibility for and oversight of the Group's sustainability-related issues including identification of sustainability topics, setting objectives and establishing policies and practices. Based on the inputs escalated from bottom to top management, the Board has considered and deliberated on these issues before approving the action plan. The Board's performance on sustainability issues is evaluated through a peer evaluation process and the Group's efforts has enabled Scientex to be listed as a constituent member of the ESG-centric FTSE4GOOD Bursa Malaysia (F4GBM) Index.</p> |

Appendix II

Questions Received Prior To and During 54th Annual General Meeting

| No. | Questions | The Company's Responses / Answers |
|-----|---|---|
| | <u>Questions received prior to 54th AGM</u> | |
| 1. | Is Scientex on track to achieve the double every 5 years in both top and bottom line FY 2023? | <p>Please refer to page 9 of the 2022 Integrated Annual Report of the Company (“IAR”) for ease of reference.</p> <p>Since 2001, Scientex has streamlined and focused on its twin core businesses, i.e. packaging and property businesses to build on the Company’s competitiveness. With the adoption of the choose and focus strategy, Scientex has achieved its 1st doubling up on its 40th anniversary when Scientex increased its revenue from RM250 million in FY2003 to more than RM500 million in FY2008.</p> <p>In 2009, Scientex turned crisis into opportunity and set a target to be a billion ringgit company. Scientex managed to achieve more than RM1 billion revenue in our 2nd doubling up. Subsequently, our 3rd doubling up, we committed to double up from RM1 billion to RM2 billion of which we achieved in FY2018.</p> <p>In FY2022, the revenue of Scientex was recorded at RM3.99 billion. We are optimistic with the Company’s performance and believe that Scientex is on track to reach its 4th doubling up.</p> <p>The vision of doubling up every 5 years is based on revenue instead of profit. Nevertheless, Scientex has achieved remarkable profit with the increase of profit from RM10 million in FY2003 to RM410 million in FY2022.</p> |
| 2. | How is the margin in property segment affected by the rising raw materials prices and what measures taken to sustain the margins going forward? | <p>The profit margin of Scientex’s property division ranged from 28% to 30%. In FY2022, the profit margin of the property division was reduced from 30% to 28% as compared to FY2021. Scientex has increased its selling price ranging from 5% to 10% (depends on the location of the property developments) as a countermeasure to the rising raw material costs.</p> |
| 3. | For Plastic segment, is the ASP and margins on uptrend currently? | <p>The average selling price of plastic packaging in FY2022 increased due to raw material price hike. However, the price of raw material has been softening since August 2022. We expected the average selling price of plastic packaging to be adjusted accordingly. The margin of consumer packaging segment was expected to improve with lower raw material price whilst the margin of industrial packaging was likely to be affected due to price competition.</p> |

| No. | Questions | The Company's Responses / Answers |
|-----|---|--|
| 4. | How is the business prospect of the Company? | The Company faced challenges including, among others, the rising raw material cost and supply chain disruptions for the past 2 years. We foresee a better business prospect of the Company in FY2023 with the softening of raw material price, easing of supply chain disruptions and recent replenishment of foreign workers. |
| 5. | Compared with FY2021, how much did we pay more for ocean freight in FY2022? | The Group's total ocean freight has increased from RM59 million in FY2021 to RM83 million in FY2022, an increase of RM24 million, equivalent to 40% of the total ocean freight. |
| 6. | How many units houses were involved in CCC deferment in FY2022? | Due to power cable shortage, there were 3 phases, totalling 742 units of houses involved in Certificate of Completion and Compliance ("CCC") deferment in FY2022. The CCC deferment issue was resolved in last 2 months. |
| 7. | I read from the news that U.S Strapping Co is planning to expand its polyester operation in Lancaster. And this expansion is located at the same land (234, Grace Avenue) which Scientex Phoenix bought \$4.5m in year 2019. So may I know is the US Strapping Co \$34 million expansion project got related to Scientex Phoenix? | <p>This news is not related to Scientex.</p> <p>We would like to take this opportunity to update that we had faced business challenges in US during the COVID-19 pandemic. Hence, we had disposed of our investment in Lancaster, US in order to focus on our Arizona plant and is currently building a robotic plant in Shah Alam, Malaysia. We acquired the land at Lancaster for USD4.5 million. We had made a gain from the disposal of land at the consideration of USD5.1 million.</p> |
| 8. | What is the utilisation rate in Scientex Arizona plant now? Still challenging now? | <p>In FY2021, Scientex Arizona produced 7,500MT. The utilisation rate was approximately 31%. In FY2022, it produced 8,900MT. The utilisation rate was approximately 37%.</p> <p>During COVID-19 pandemic, we faced business challenges in US. The situation has improved since the re-opening of international border. The demand for stretch film in US remained resilient. We believe we can seize the opportunity to increase our sales in US despite challenges faced in US.</p> |
| 9. | What is the property division sales target for FY23? | Scientex's property division sold 5,300 houses and 5,200 houses in FY2021 and FY2022 respectively. We hope to sell 6,000 houses in FY2023. |
| 10. | What would company action plan on new government forming? Does company bring impact on overall operation? | Scientex will continue to focus on its core businesses and be flexible in adapting to new policies, in line with its corporate philosophy, management like water. |
| 11. | The past 6 years ago impose no plastic bags programme and new law for plastic material reason of environmental friendly, the impact to overall company? | <p>The "No Plastic Bag" programme has no impact to Scientex as Scientex does not produce plastic bag.</p> <p>Plastic waste is a threat and an opportunity to us. We are committed to develop fully recyclable sustainable packaging. Hence, we see it as an opportunity for us to grow our business in this segment.</p> |

| No. | Questions | The Company's Responses / Answers |
|-----|--|---|
| 12. | <p>In such difficult time for the property development sectors with:</p> <ol style="list-style-type: none"> 1) Increase of labour and material cost 2) Increase of bank interest for buyers 3) loan approval rate is low <p>Was management going to increase the property selling price to future launch project or how was the action going to be taken to increase the profit of the Group.</p> | <p>There are some challenges on the labour issue in property sector. However, the situation has gradually improved.</p> <p>In respect of bank interest rate, the latest Overnight Policy Rate (OPR) of 2.75% was considered low as compared to the rates imposed prior to COVID-19 pandemic.</p> <p>The remaining questions in Question 12 have been addressed in Question 2 of Appendix II.</p> |
| 13. | <p>What is the utilization rate across the packaging division?</p> | <p>The utilisation rate across the packaging division is about 62%.</p> |
| 14. | <p>What is the annual spending on R&D for the packaging division?</p> | <p>About RM10 million.</p> |
| 15. | <p>Many housing developers have suffered from foreign worker shortages and elevated material cost. What is the current situation? The outlook?</p> | <p>Please refer to Questions 2 and 12 of Appendix II.</p> |
| 16. | <p>Page 70 of Annual Report states that total land bank developed is 2,354 acres. Does it refer to past projects which have been fully developed and sold? What was the total GDV?</p> | <p>The total land bank developed was referring to the past projects launched and sold. The gross development value ("GDV") of the total land bank of 2,354 acres is RM7.7 billion for 29,200 houses.</p> |
| 17. | <p>What are the expected GDVs for the 564 acres of landbank of ongoing development, and 3,317 acres of future landbanks? How many years of development can they support?</p> | <p>The GDV of the ongoing development of 564 acres is RM2.9 billion for 10,000 houses. The properties were launched prior to 31 July 2022. The Group recognised RM1.16 billion of sales. The unbilled sales amounted to RM1.3 billion.</p> <p>The estimated GDV of the 3,317 acres of future landbanks is RM20 billion for 75,000 houses. Assuming an annual GDV of RM2 billion, the development of the 3,317 acres of landbank will be sustained in the next 10 years.</p> |
| 18. | <p>Have the delays in obtaining CCC approval been fully resolved?</p> | <p>The situation has improved although CCC issue has not fully resolved.</p> |
| 19. | <ol style="list-style-type: none"> 1. Doubling up every five years is the group's vision, and FY2023 is the doubling up year. Compare with FY2022, the sales target of 400,000 tons of plastic packaging and 8,000 affordable homes is very much higher. Can the vision really come true? I think it's almost impossible! 2. It's December now, and the FY2023 is about halfway through. The annual report clearly states that the profit will double up by FY2023. Can it really be done? | <p>Please refer to Question 1 of Appendix II.</p> |

| No. | Questions | The Company's Responses / Answers |
|--|--|---|
| 20. | <p>1. May I know what will be doubled up on FY2023 compare to FY2018. The revenue or net profit?</p> <p>2. In the annual report and sustainability report, the words DOUBLE UP appeared 15 times. So can you achieve the doubling target in FY2023? (The net profit in FY2018 is 285M, so in FY2023 it will be 570M)</p> | Please refer to Question 1 of Appendix II. |
| 21. | What is the property division target in FY23? | Please refer to Question 9 of Appendix II. |
| 22. | What is the latest utilization at the Arizona plant? Can you explain the challenges faced, and how and when they can be overcome? | Please refer to Question 8 of Appendix II. |
| <u>Questions received during 54th AGM</u> | | |
| 23. | How much does the company spend on this virtual AGM? | RM27,000. |
| 24. | Does Scientex consider to expand its property business to East Malaysia? | Currently we do not have any plan to expand to East Malaysia. But we realised that there is strong demand of affordable homes in our neighbouring countries such as Thailand, Indonesia, Cambodia etc. We will explore the expansion if the opportunities arise. |
| 25. | Will The Board consider giving door gift such e-voucher or e-wallets for those participating in this Agm as a token of appreciation? | Scientex has adopted a dividend policy of paying at least 30% of its annual net profit as dividend to its shareholders. We believe that dividend payment is a better way to reward shareholders as compared to giving individual door gift to shareholder for attending AGM. |
| 26. | How much does Scientex packaging's earning contribute to overall scientex yearly earning? | Please refer to page 181 of the IAR. Based on the segmental information disclosed in note 37(b) to the Audited Financial Statements of FY2022, the profit contribution of Scientex's packaging division is RM238 million. It is about 42% of the consolidated segment profit of RM561 million. |
| 27. | How is Scientex become a good role model company in ESG? does it cost more to do more ESG initiatives? Will it help to encourage more foreign investors into owning up Scientex shares? | The Company recognised the importance of ESG to the stakeholders of the Company and is committed to work towards embedding sustainability into its business processes. Notwithstanding the cost, the Company established a Group Sustainability Team, engaged external professional consultants, conducted trainings and activities to create the awareness of ESG not only for foreign investors, but also for our people, customers and other stakeholders. |
| 28. | The company's SR report lists many good R&D that's good for the environment - thank you. Please also comment on how/if such innovation is expected to improve the group's profit? | Plastic waste is now a global concern. Many of our multinational customers have committed to achieve their sustainability goals by 2025 or 2030. We expect to see an increase in sales from the multinational customers with the launching of sustainable packaging solutions which include fully recyclable packaging solutions. |

| No. | Questions | The Company's Responses / Answers |
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| 29. | The group's current debt is high with revolving credit of RM900 million, a higher interest than YA2021, and more than RM500 million of these in USD. Please comment on how the group plans to address this borrowing. | <p>Despite aggressive expansion in landbanks, capabilities and machine capacity, the net gearing ratio of the Company stood at 0.32 times. In FY2022, the cash flow of the Company generated from the operating activities was RM738 million. We believe we are able to repay the borrowings of RM900 million in about a year's time provided there is no new investment.</p> <p>The capex in FY2021 and FY2022 was RM700 million and RM600 million respectively. We foresee the gearing ratio of the Company will be reduced in FY2023 with lower capex, ranging from RM300 million to RM500 million.</p> <p>Our borrowings are mainly denominated in USD. We were adopting natural hedge with the purchase of raw material in USD. Furthermore, the interest rate of USD borrowings in the past was much lower than the interest rate in RM. We strive to settle the USD borrowings in FY2023 in view of the increase of interest rate of USD borrowings to 4%.</p> |
| 30. | Non-current assets in USA fell to RM108M from RM131M, revenue only RM111M. Pls comment on prospects there. | The decrease in non-current assets in USA was due to the disposal of land at Lancaster. Please refer to Question 8 of Appendix II for the prospect in US. |
| 31. | Upon acquisition of 80.2% share in Taisei Lamick in year 2022, would it help to expand the market in Japan? If yes, what is the sales revenue/month or output/month? | Our partnership with Taisei Lamick is focused on the expansion of liquid film packaging to Southeast Asia. This may potentially expand our market share in Japan. |
| 32. | Would you consider to venture into application such as extrusion coating? which is more cost effective than lamination | Currently, 4 to 5 of our manufacturing plants including Taisei Lamick are involved in extrusion coating. |
| 33. | Could you share the overall scrap rate/customer complaint rate against the output? | The scrap rate in FY2022 was recorded at 4% of output. The non-recyclable waste and recyclable waste were 2% respectively. We strive to reduce the wastage rate in the future. |
| 34. | Any bonus issue esp mother share to be declared. | Scientex has declared 2 times bonus issues in the past 6 years. The first one for one bonus issue was in 2016 and the second two for one bonus issue was in 2020. Presently, the Company has no plan to issue any bonus shares. |
| 35. | What are you doing that your competitors aren't doing yet? | Our competitors are mainly involved in either packaging or property sectors. We could be the only one company focusing in growing both packaging and property sectors in one listed company which we believe was a successful model thus far. |

| No. | Questions | The Company's Responses / Answers |
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| 36. | Was the increase in the packaging revenue FY2022 partly attributable to strengthening of US currency? | The increase in the revenue of packaging division in FY2022 was mainly due to raw material price increases. At the same time, we have adjusted our selling price to pass on the cost of raw material and ocean freight to our customers. |
| 37. | Prolonged conflict and economic recession is widely expected in 2023, and it's unlikely to see favorable logistics cost or material costs. But these are beyond Scientex's control. So, I'd rather hear if the group has identified opportunities in such harsh business conditions that it can make use of. | Freight cost has increased since end of last year and gradually softening in August 2022. Recent report revealed that the global shipping containers shortage has been resolved with a 20% containers surplus in US. The price of raw material reached the peak of 1500 to 1700. With the decline in crude oil price, the price of a raw material, LLDPE has dropped below 1000. We expect supply chain to normalise soon. |
| 38. | What is the business outlook for Scientex in the next 3 years? Any expansion plans (mergers/acquisitions/new manufacturing plan/expansion overseas)? Does Scientex Berhad can doubling up every 5 years? | <p>In respect of packaging division, we had aggressively expanded in the past 3 years, including investment in machinery for Chemor plant, CPP plant and converting segment. The stretch film robotic plant will be commissioned soon. We had delivered 277,270 MT in FY2022. We had planned our roadmap path to grow to 400,000 MT per annum. In the next 3 years, we will strive to improve our distribution, sales and marketing and increase the utilisation rate of packaging division.</p> <p>We mapped our strategies to grow to 400,000MT. Under the current business environment and challenges that we faced, instead of 2023, we may take additional 2 to 3 years to achieve. Our direction remained unchanged.</p> <p>In respect of property division, we sold 5,000 units in FY2022 and targeted to sell 6,000 units in FY2023. The completed units for FY2022 was 1,400 units. The low completion rate was due to material shortage and delay in authorities' approvals. We expect to see a high CCC approval rate in FY2023. With the acquisition of additional land bank, we are on track towards delivering 8,000 units affordable homes per annum and building 50,000 affordable homes by 2028.</p> |
| 39. | Can the company post the minutes of this AGM on the website, thank you | The minutes of the AGM will be published in the Company's website. |
| 40. | Are there any risks of late delivery of completed properties which may result in payment of interest to home buyers? | In view of the disruption to the construction progress during lockdown period, the authority has granted an extension of time for the delivery of completed properties. We have been closely monitoring our internal KPI. We should be able to meet the timeline of most of the development projects to avoid late delivery interest. |

| No. | Questions | The Company's Responses / Answers |
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| 41. | What is the future plan for Scientex Packaging (Ayer Keroh) after last year privatization exercise? | <p>When we initiated the privatisation of Scientex Packaging (Ayer Keroh) Sdn Bhd (formerly known as Daibochi Berhad) ("SPAK"), we had considered the recurrent related party transactions between Scientex group of companies and SPAK group of companies, the benefits of merging 2 listed companies under one roof and the opportunity for SPAK's shareholders to invest in Scientex rather than invest in its subsidiary. Nonetheless, we respect the decision of SPAK's shareholders who wish to continue to hold SPAK's shares. We will maintain the listing status of SPAK. SPAK will continue to focus and grow its core business.</p> <p>Scientex had total 18 manufacturing plants, each specialised in different packaging products. We had undertaken expansion in the plants located in Rawang, Klang and Ipoh. Following the completion of the acquisition of Taisei Lamick Malaysia, the name of the company will be changed to Scientex Packaging (Kajang) Sdn Bhd subsequently. We had also invested RM100 million for the expansion of SPAK. We will remain the existing structure of the packaging division and focus on growing business.</p> |
| 42. | May I know, what is the company's future outlook? | Please refer to Question 38 of Appendix II. |
| 43. | Would the BOD kindly give e- wallet as a token of appreciation for attending today's RPV | Please refer to Question 25 of Appendix II. |
| 44. | Kindly reconsider door gift as token of appreciation and also due to the high cost of living. | Please refer to Question 25 of Appendix II. |
| 45. | In the year 2023, what is your outlook? What is Scientex's challenge and how is it going to address it? | Please refer to Question 38 of Appendix II. |
| 46. | Will Scientex plan to public listed Scientex properties in order to let Scientex Berhad concentrate on manufacturing business? | Please refer to Question 35 of Appendix II. |
| 47. | What will company do or action plan to Adapt new government forming and new upcoming Malaysia project for getting more revenue? What strategy to be ready of upcoming Malaysia mega project or government project? | Please refer to Question 10 of Appendix II. |
| 48. | Please give e vouchers for refreshments. | Please refer to Question 25 of Appendix II. |
| 49. | Could you share the latest plant utilization rate for Scientex packaging (assuming the capacity 450k MT PA or more)? | Please refer to Question 13 of Appendix II. |

| No. | Questions | The Company's Responses / Answers |
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| 50. | As global interest rate increase significantly, how is the impact on Scientex and how Scientex overcome it? | Please refer to Question 29 of Appendix II. |
| 51. | Please give some E Wallet to shareholders who attend the AGM today. | Please refer to Question 25 of Appendix II. |
| 52. | Kindly give today's attendees some gifts. | Please refer to Question 25 of Appendix II. |
| 53. | What is the current utilisation rate of Arizona's plant? Does Scientex plans to further ramp up its utilisation rate? | Please refer to Question 8 of Appendix II. |
| 54. | For the new Lancaster facility, did Scientex plan to continue its expansion plan in there? | Please refer to Questions 7 and 8 of Appendix II. |
| 55. | Would u please give evouchers to those shareholders attend this meeting? | Please refer to Question 25 of Appendix II. |
| 56. | Any plan to expand property to oversea market? | Please refer to Question 24 of Appendix II. |