

THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Statement/Circular prior to its issuance as this is an exempt statement/circular. Bursa Securities takes no responsibility for the contents of this Statement/Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement/Circular.



SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as Daibochi Berhad)
Company No. 197201001354 (12994-W)
(Incorporated in Malaysia)

PART A

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

PART B

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Resolutions in respect of the above proposals will be tabled at the Forty-Ninth Annual General Meeting (“49th AGM”) of SCIENTEX PACKAGING (AYER KEROH) BERHAD (formerly known as Daibochi Berhad) (“SPAK” or 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, 7 December 2022 at 11.00 a.m. or any adjournment thereof.

Shareholders are advised to refer to the Notice of 49th AGM together with the Form of Proxy and Administrative Guide of the 49th AGM (“Administrative Guide”), which are accessible at <https://scientexpackagingak.com.my/agm-egm/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the Remote Participation and Voting facilities.

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, 5 December 2022 at 11.00 a.m.

(b) By electronic form

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 (a). Please refer to the Administrative Guide on the Procedure for Electronic Submission of Form of Proxy.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 5 December 2022 at 11.00 a.m.

Date and time of the 49th AGM : Wednesday, 7 December 2022 at 11.00 a.m.

DEFINITIONS

Act	:	Companies Act 2016
AGM	:	Annual General Meeting
Board	:	The Board of Directors of SPAK
Bursa Securities	:	Bursa Malaysia Securities Berhad
Director(s)	:	The director(s) of SPAK and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
EPS	:	Earnings per Share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	17 October 2022, being the latest practical date prior to the printing of this Statement/Circular
Major Shareholder(s)	:	<p>A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of these shares, is:</p> <p>(a) ten percent (10%) or more of the total number of voting shares in the Company; or</p> <p>(b) five percent (5%) or more of the total number of voting shares in the Company where such person is the largest shareholders of the Company.</p> <p>This includes any person who is or was within the preceding six (6) months of the date on which the terms of the RRPT were agreed upon, a major shareholder of SPAK as defined above or any other company which is a subsidiary or holding company of SPAK.</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.</p>
Person(s) Connected	:	Shall have the same meaning as in Paragraph 1.01 of the Listing Requirements
Proposed Renewal of Share Buy-Back Authority	:	Proposed renewal of authority for the Company as set out in Part A of this Statement/Circular to purchase and/or hold its own shares up to a maximum of ten percent (10%) of the total number of issued shares of the Company

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

DEFINITIONS (CONT')

Proposed Renewal of Shareholders' Mandate for RRPT	:	Proposed renewal of shareholders' mandate for SPAK Group to enter into RRPT as set out in Part B of this Statement/Circular
Proposed Share Buy-Back	:	Proposed purchase by the Company of its own shares in accordance with Section 127 of the Act and the Listing Requirements
Related Party(ies)	:	Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) or Major Shareholder(s) as defined under Paragraph 1.01 of the Listing Requirements. For the purpose of the Proposed Renewal of Shareholders' Mandate for RRPT, the Related Party(ies) is/are set out in Section 2.8 of Part B of this Statement/Circular
RM and Sen	:	Ringgit Malaysia and sen respectively
RRPT	:	Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of SPAK Group
Scientex	:	Scientex Berhad, a major shareholder of SPAK
Scientex Group	:	Scientex Berhad and its subsidiaries (excluding SPAK Group)
SPAK or Company	:	Scientex Packaging (Ayer Keroh) Berhad (formerly known as Daibochi Berhad)
SPAK Group or Group	:	SPAK and its subsidiaries, collectively
SPAK Shares or Shares	:	Ordinary shares in SPAK
Substantial Shareholder(s)	:	The substantial shareholders for the time being of SPAK and shall have the same meaning given in Section 136 of the Act

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Statement/Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement/Circular shall be a reference to Malaysian time, unless otherwise stated.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

PART A**PAGE****SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	1
3.	RATIONALES AND BENEFITS FOR THE PROPOSED SHARE BUY-BACK	2
4.	POTENTIAL DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	2
5.	FUNDING FOR THE PROPOSED SHARE BUY-BACK	3
6.	FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK	3
7.	SHAREHOLDINGS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	5
8.	PUBLIC SHAREHOLDING SPREAD	6
9.	HISTORICAL SHARE PRICES	6
10.	PURCHASE, RESALE OR CANCELLATION OF SHARES	6
11.	APPROVAL REQUIRED	6
12.	IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016	6
13.	INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	6
14.	DIRECTORS' RECOMMENDATION	7
15.	FURTHER INFORMATION	7

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS (CONT')

<u>PART B</u>	<u>PAGE</u>
CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT	
1. INTRODUCTION	8
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT	8
3. RATIONALES AND BENEFITS FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT	12
4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT	13
5. APPROVAL REQUIRED	13
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	13
7. DIRECTORS' RECOMMENDATION	13
8. AGM	13
9. FURTHER INFORMATION	14
APPENDIX I FURTHER INFORMATION	15
APPENDIX II EXTRACT OF THE NOTICE OF FORTY-NINTH AGM	16

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

PART A

**PROPOSED RENEWAL OF
SHARE BUY-BACK AUTHORITY**



SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as Daibochi Berhad)
Company No. 197201001354 (12994-W)
(Incorporated in Malaysia)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Forty-Eighth AGM of the Company held on 29 December 2021, the Company had obtained shareholders' approval to purchase and/or hold its own shares up to a maximum of ten percent (10%) of the total number of issued shares of the Company through Bursa Securities. The said approval was effective immediately upon its approval by shareholders at the Forty-Eighth AGM of the Company and will expire at the conclusion of the Forty-Ninth AGM ("49th AGM") of the Company, unless approval has been obtained from shareholders.

On 11 October 2022, the Company announced to Bursa Securities that it proposed to seek approval from its shareholders on the Proposed Renewal of Share Buy-Back Authority at the 49th AGM, to be convened on 7 December 2022.

The purpose of this Statement/Circular is to provide you with relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled as a Special Business at the 49th 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, 7 December 2022 at 11.00 a.m. or any adjournment thereof. Shareholders are advised to refer to the Notice of 49th AGM together with the Form of Proxy and Administrative Guide of the 49th AGM ("Administrative Guide") which are accessible at <https://scientexpackagingak.com.my/agm-egm/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the Remote Participation and Voting facilities.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Board proposes to seek approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority. As at the LPD, the total number of issued shares of SPAK is 351,171,292 Shares. The total cumulative SPAK Shares purchased by the Company and held as treasury shares to date up to and including the LPD were 550,100 ordinary shares.

The Proposed Renewal of Share Buy-Back Authority shall be effective immediately upon the passing of the Ordinary Resolution at the 49th AGM until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Pursuant to the provision of Section 127(4) of the Act, the Board may deal with SPAK Shares so purchased at its discretion, in the following manner: -

- (a) to cancel the Shares so purchased;
- (b) to retain the Shares so purchased as treasury shares; or
- (c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

Pursuant to the provision of Section 127(7) of the Act where such shares are held as treasury shares, the Board may at its discretion:-

- (a) distribute the treasury shares as share dividends to shareholders;
- (b) resell the treasury shares or any of the said shares in accordance with the Listing Requirements;
- (c) transfer the treasury shares or any of the said shares for the purposes of or under an employees' share scheme;
- (d) transfer the treasury shares or any of the said shares as purchase consideration;
- (e) cancel the treasury shares or any of the said shares; or
- (f) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

The decision of the Board on the above options and/or any other manner as prescribed by the relevant rules, regulations and orders made pursuant to the Act, the Listing Requirements and any other relevant authorities for the time being in force, as may be selected or determined from time to time, will be made at an appropriate time and an immediate announcement will be made to Bursa Securities in relation to the Shares purchased and the treatment of the Shares purchased, following any transactions to be executed pursuant to the authority granted under the Proposed Renewal of Share Buy-Back Authority.

3. RATIONALES AND BENEFITS FOR THE PROPOSED SHARE BUY-BACK

The rationales and benefits for the Proposed Share Buy-Back are as follows:

- (a) SPAK is able to utilise its financial resources that it has no immediate usage for the Proposed Share Buy-back when SPAK Shares are undervalued, which in turn, stabilise the supply and demand of SPAK Shares in the open market and thereby supporting its fundamental value;
- (b) General investors' confidence in the stability of SPAK Shares price is expected to be enhanced as SPAK is empowered to implement the Proposed Share Buy-Back;
- (c) The Shares purchased can also be held as treasury shares and resell on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company; and
- (d) The Proposed Share Buy-Back is also expected to enhance the EPS and the return on equity of SPAK which will benefit the shareholders of the Company.

4. POTENTIAL DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential disadvantages of the Proposed Share Buy-Back are as follows: -

- (a) The Proposed Share Buy-Back would reduce the financial resources of the Company and may result in the Company and/or the Group forgoing better investment opportunities that may emerge in the future; and
- (b) As the Proposed Share Buy-Back can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders of the Company in the immediate future.

However, these disadvantages are mitigated by the prospect that the financial resources of the Company may increase, if the Shares purchased held as treasury shares are resold at prices higher than the purchase price.

In this respect, the Proposed Share Buy-Back will be exercised only after due consideration of the financial resources of the Company and its resultant impact to the Company and the shareholders of the Company. The Board will be mindful of the interests of SPAK and its shareholders in undertaking the Proposed Share Buy-Back.

5. FUNDING FOR THE PROPOSED SHARE BUY-BACK

The Board proposes to allocate a maximum amount not exceeding the retained earnings of the Company for the purpose of the Proposed Share Buy-Back. Based on the latest Audited Financial Statements of the Company for the financial year ended 31 July 2022, the retained earnings amounted to RM138,061,000.

The funding of the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds, borrowings and repayment capabilities of the Company at the time of purchase(s). In the event that the Proposed Share Buy-Back is to be partly financed by bank borrowings, the Board will ensure that the Company has sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of the Company and/or the Group.

6. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

6.1 Issued Share Capital

The effect of the Proposed Share Buy-Back on the total number of issued shares of SPAK depends on whether the Shares purchased are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in reduction of the number of issued shares of the Company if the Shares purchased are cancelled. Based on the assumption that the Proposed Share Buy-Back is implemented in full and all the Shares purchased are cancelled, the effect on total number of issued shares of the Company is illustrated as below:

	No. of SPAK Shares
Total number of issued shares as at LPD (including 550,100 treasury shares)	351,171,292
Assuming that the maximum number of Shares purchased pursuant to the Proposed Share Buy-Back were cancelled	(35,117,129)
Total number of issued shares upon completion of the Proposed Share Buy-Back and cancellation of Shares purchased	<hr/> 316,054,163 <hr/>

6.2 Dividends

In respect of the financial year ended 31 July 2022, a single tier final dividend of 2.5 sen per ordinary share was proposed for shareholders' approval at the 49th AGM. Assuming that the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued shares of SPAK (excluding the Shares purchased pursuant to the Proposed Share Buy-Back).

6.3 Net Assets

The effect of the Proposed Share Buy-Back on the net assets per Share of the Group is dependent on the purchase price and the number of Shares purchased.

The Proposed Share Buy-Back will reduce the net assets per Share when the purchase price exceeds the net assets per Share at the relevant point in time. On the contrary, the net assets per Share will increase when the purchase price is less than the net assets per Share at the relevant point in time.

In the event that the Shares purchased were held as treasury shares and subsequently resold on Bursa Securities, the Company's net assets per Share would increase if the Company realises a gain from the resale and vice-versa.

In addition to the purchase price of the Shares, the effective cost of funds or any loss in interest income to the Group may also have an impact on the net assets per Share.

6.4 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of Shares purchased, the purchase price of SPAK Shares and any associated costs incurred in making the purchase. However, it is not expected to have any material effect on the working capital and cash flow of the Group.

For Shares purchased which are retained as treasury shares, the working capital and cash flow of the Company will increase, upon its resale. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

6.5 Earnings

The Proposed Share Buy-Back will increase EPS of the Group, depending on the number of Shares purchased, the purchase price of SPAK Shares and the effective funding cost to finance the purchase or loss in interest income to the Group.

Similarly, on the assumption that the Shares purchased are treated as treasury shares, the extent of the effect on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold, the effective gain, loss or interest saving arising from the exercise.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

7. SHAREHOLDINGS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Assuming that the Proposed Share Buy-Back was implemented in full and that the SPAK Shares purchased were from shareholders other than the Directors and substantial shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholders of SPAK based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD are as follows:-

	As at LPD				After Proposed Share Buy-back			
	Number of Shares				Number of Shares			
	Direct Interest	%*	Indirect Interest	%*	Direct Interest	%	Indirect Interest	%
Directors								
Choo Seng Hong	-	-	-	-	-	-	-	-
Chang Chee Siang	-	-	-	-	-	-	-	-
Tan Hong Koon	-	-	-	-	-	-	-	-
Cham Chean Fong @ Sian Chean Fong	-	-	-	-	-	-	-	-
Lim Kah Fan	-	-	-	-	-	-	-	-
Koh Huey Min	-	-	-	-	-	-	-	-

	As at LPD				After Proposed Share Buy-back			
	Number of Shares				Number of Shares			
	Direct Interest	%*	Deemed Interest	%*	Direct Interest	%	Deemed Interest	%
Substantial Shareholders								
Scientex Berhad	252,071,835	71.89	-	-	252,071,835	79.76	-	-
Scientex Holdings Sdn Berhad	-	-	252,071,835 ¹	71.89	-	-	252,071,835 ¹	79.76
Lim Peng Jin	-	-	252,071,835 ²	71.89	-	-	252,071,835 ²	79.76
Lim Peng Cheong	-	-	252,071,835 ³	71.89	-	-	252,071,835 ³	79.76
HSBC Nominees (Asing) Sdn Bhd – TNTC for Apollo Asia Fund Ltd	36,127,324	10.30	-	-	36,127,324	11.43	-	-
HSBC Nominees (Asing) Sdn Bhd – Quintet PB (Europe) S.A. for Samarang UCITS – Samarang Asian Prosperity	18,934,060	5.40	-	-	18,934,060	5.99	-	-

Notes:

* Excluding a total of 550,100 ordinary shares purchased by the Company and retained as treasury shares.

¹ Deemed interest through Scientex Berhad.

² Deemed interests through Scientex Berhad by virtue of his interests in Scientex Holdings Sdn Berhad, Scientex Infinity Sdn Bhd, Scientex Leasing Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Progress Innovations Sdn Bhd pursuant to Section 8 of the Act.

³ Deemed interests through Scientex Berhad by virtue of his interests in Scientex Holdings Sdn Berhad, Scientex Infinity Sdn Bhd, Scientex Leasing Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Paradox Corporation Sdn Bhd pursuant to Section 8 of the Act.

8. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was 28.11%. Assuming that the Proposed Share Buy-Back was implemented in full and all the Shares purchased were from public shareholders, the public shareholding spread of the Company would be reduced to 20.24%.

In this regard, the Board will ensure that prior to any purchase of SPAK Shares, the public shareholding spread of at least 25% is maintained.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of SPAK Shares as traded on Bursa Securities for the past twelve (12) months from October 2021 to September 2022 are as follows:

	High (RM)	Low (RM)
2021		
October	2.78	2.70
November	2.73	2.44
December	2.66	2.40
2022		
January	2.47	2.33
February	2.46	2.36
March	2.50	2.30
April	2.50	2.33
May	2.45	2.16
June	2.33	2.17
July	2.20	2.11
August	2.19	2.08
September	2.35	2.15

The last transacted market price of SPAK Shares as at the LPD was RM2.09.

10. PURCHASES, RESALE OR CANCELLATION OF SHARES

During the financial year ended 31 July 2022, the Company did not purchase any of SPAK Shares from the open market. As at 31 July 2022, the Company held 550,100 ordinary shares as treasury shares. Detailed information on the treasury shares is set out in the Directors' Report and Note 18 to the Audited Financial Statements of the Company for the financial year ended 31 July 2022, contained in the Annual Report 2022 of the Company.

None of the treasury shares held were resold or cancelled during the financial year ended 31 July 2022.

11. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of the shareholders of SPAK at the 49th AGM.

12. IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016

The Proposed Share Buy-Back is not expected to trigger any obligation to undertake a mandatory general offer pursuant to the Malaysian Code on Take-Over and Mergers 2016.

13. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the inadvertent increase in the percentage of shareholdings and/or voting rights of the shareholders as a consequence of the Shares purchased, none of the Directors, Major Shareholders and/or Persons Connected with them has any interest, direct or indirect, in the Proposed Share Buy-Back, or in the resale of treasury shares, if any.

14. DIRECTORS' RECOMMENDATION

The Directors having considered all aspects of the Proposed Renewal of Share Buy-Back Authority are of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority to be tabled at the 49th AGM.

15. FURTHER INFORMATION

Shareholders are advised to refer to the enclosed Appendix I for further information.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

PART B

**PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE FOR RRPT**



SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as Daibochi Berhad)
Company No. 197201001354 (12994-W)
(Incorporated in Malaysia)

Registered Office
No. 9, Persiaran Selangor
Seksyen 15
40200 Shah Alam
Selangor Darul Ehsan

8 November 2022

Board of Directors

Choo Seng Hong (Chairman and Non-Independent Non-Executive Director)
Chang Chee Siong (Managing Director)
Tan Hong Koon (Executive Director)
Cham Chean Fong @ Sian Chean Fong (Senior Independent Non-Executive Director)
Lim Kah Fan (Independent Non-Executive Director)
Koh Huey Min (Independent Non-Executive Director)

To: The Shareholders of SPAK

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

1. INTRODUCTION

At the Company's AGM held on 29 December 2021, the shareholders of the Company had approved the renewal of the shareholders' mandate to allow SPAK Group to enter into RRPT as set out in the Statement/Circular to Shareholders dated 30 November 2021. The aforesaid mandate will expire at the conclusion of the 49th AGM of the Company unless such authority is renewed by an Ordinary Resolution passed at the 49th AGM of the Company.

On 11 October 2022, the Board had announced to Bursa Securities, its intention to seek approval of the shareholders of the Company for the Proposed Renewal of Shareholders' Mandate for RRPT.

The purpose of this Statement/Circular is to provide you with details pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT and to seek your approval for the Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT to be tabled at the 49th AGM of the Company scheduled to be held on 7 December 2022.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT/CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek its shareholders' mandate in respect of RRPT subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the Related Party(ies) than those generally available to the public;

- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report. The aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (c) the statement/circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested Director(s), Major Shareholder(s) and Person(s) Connected with a Director or Major Shareholder, and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the RRPT. An interested Director or Major Shareholder must also ensure that Persons Connected with them abstain from voting on the resolution approving the RRPT; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by SPAK Group, exceeds the estimated value of the RRPT disclosed in this Statement/Circular by ten percent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured its shareholders' mandate pursuant to the above, the provisions under Paragraph 10.08 of the Listing Requirements will not apply to the transactions which are comprised in the said mandate.

- 2.2 SPAK Group has, in the ordinary course of its business, entered into RRPT and is anticipated to continue to enter into such transaction with the Related Party(ies), the details of which are set out in Section 2.8 herein. It is likely that such transaction will occur with some degree of frequency and could arise at any time.
- 2.3 This RRPT which is necessary for the day-to-day operations of SPAK Group will be based on normal commercial terms, on an arm's length basis, and will be transacted on terms that are not more favourable to the Related Party(ies) than those generally available to the public.

2.4 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report on the breakdown of the aggregate value of the RRPT entered pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

- (i) the type(s) of RRPT made; and
- (ii) the name(s) of the Related Party(ies) involved in each type of the RRPT and their relationship with the Group.

2.5 Validity Period for the Proposed Renewal of Shareholders' Mandate for RRPT

The Proposed Renewal of Shareholders' Mandate for RRPT, if approved by the shareholders at the 49th AGM, will take effect from the date of the passing of an Ordinary Resolution proposed at the 49th AGM and the authority conferred under the Proposed Renewal of Shareholders' Mandate for RRPT shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such Ordinary Resolution for the Proposed Renewal of Shareholders' Mandate for RRPT was passed, at which time it shall lapse, unless by Ordinary Resolution passed at that general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

2.6 Principal Activities of the Group

The principal activity of the Company is manufacturing and marketing of flexible packaging materials. The principal activities of its subsidiaries are as follows:

Company	Effective Equity Interest (%)	Principal Activities
<u>Direct Subsidiaries:</u>		
Scientex Packaging Management Sdn Bhd (formerly known as Daibochi Flexibles Sdn Bhd)	100	Investment holding
Scientex Packaging (Australia) Pty Ltd (formerly known as Daibochi Australia Pty Ltd)	100	Marketing of flexible packaging materials
Scientex Packaging (New Zealand) Limited (formerly known as Daibochi New Zealand Limited)	100	Marketing of flexible packaging materials
Scientex Packaging (Teluk Emas) Sdn Bhd (formerly known as Mega Printing & Packaging Sdn Bhd)	100	Manufacturing and marketing of flexible packaging materials
Scientex Land Sdn Bhd (formerly known as Daibochi Land Sdn Bhd)	100	Dormant
<u>Indirect Subsidiary:</u>		
Daibochi Packaging (Myanmar) Company Limited	60	Manufacturing and marketing of flexible packaging materials

2.7 Types of RRPT

The RRPT covered under the Proposed Renewal of Shareholders' Mandate for RRPT is sale and purchase of materials related to flexible plastic packaging products between SPAK Group and Scientex Group.

2.8 Information on RRPT, Transacting Party(ies) and Nature of Transactions

The Related Party(ies) and the respective RRPT identified for the purpose of the Proposed Renewal of Shareholders' Mandate for RRPT are as follows:

Nature of RRPT	Transacting Party	Interested Related Party	Mandate obtained from AGM until the 49 th AGM ¹ ("Existing Mandate") RM'000	Actual value transacted from AGM until LPD RM'000	Proposed Renewal of Shareholders' Mandate for RRPT
					Estimated Value from the date of the 49 th AGM to the next AGM ² RM'000
Sale and purchase of materials related to flexible plastic packaging products	SPAK Group and Scientex Group	Scientex being the Major Shareholder of SPAK	280,000	168,441	280,000

Notes:

^{1.} The estimated value of RRPT as disclosed in the Statement/Circular to Shareholders dated 30 November 2021.

^{2.} The estimated value of transactions is based on the past record of RRPT carried out with Scientex Group. However, the actual value of the transactions from the date of 49th AGM to the date of the next AGM of the Company may be varied.

2.9 Amount owing by Related Party pursuant to RRPT

As at LPD, there were no outstanding amounts owed to/from SPAK Group by/to the Related Party(ies) involved in the RRPT which exceeded the credit terms granted.

2.10 Review Procedures for the RRPT

The Group had established various guidelines and procedures to ensure that the RRPT are undertaken on an arm's length basis, on transaction prices and terms not more favourable to the Related Party(ies) involved than those generally available to the public and not detrimental to the minority shareholders of the Company.

The Group shall review the RRPT based on the following parameters/procedures:

- (i) The definition of Related Party, list of Related Party(ies) and the review procedures will be circulated and/or updated within the Group;
- (ii) The review of RRPT falls within the scope of the Audit Committee;
- (iii) Records will be maintained to record all RRPT which are/will be entered into, which will be available for review by, among others, the auditors and Audit Committee, on a quarterly basis. Any member of the Audit Committee may as he/she deems fit, request for additional information pertaining to RRPT from independent sources or advisers;
- (iv) The pricing, terms and conditions of the RRPT shall be consistent with the Group's usual business practice and determined with due consideration to, amongst others, the demand and supply of the products, quality, level of service, credit terms and reliability of supply, where relevant, practical and feasible. At least two (2) other contemporaneous transactions with unrelated third party(ies) for similar products and/or services and/or quantities will be used as comparison, wherever available or possible, to determine whether the price and terms offered to and/or by the Related Party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third party(ies) for the same or substantially similar type of products and/or services and/or quantities;

In the event that quotations or comparative pricing from unrelated third party(ies) cannot be obtained for the proposed RRPT, the management will rely on their usual business practices and their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPT are not detrimental to the Company and/or the Group;

- (v) The Audit Committee shall continue to review the above established procedures, as and when required, on an annual basis with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vi) Where any Director or Persons Connected with him/her or the Board member or Audit Committee member has an interest (direct or indirect) in any RRPT, he/she will abstain from voting on any matter relating to any decision making by the Board or the Audit Committee in respect of such transactions;
- (vii) The said interested Director shall undertake that he/she will ensure that Persons Connected with him/her abstain from voting on the resolution deliberating or approving the RRPT at a general meeting;
- (viii) The RRPT which is below RM1.0 million in value for each transaction is subject to the approval of any one of the Executive Directors and/or senior management of the Company;
- (ix) The RRPT which is RM1.0 million and above or 1% of any percentage ratios shall be reviewed and approved by the Audit Committee and the Board before the transaction is entered into; and
- (x) The Audit Committee shall review all the RRPT entered into by the Group generally on a quarterly basis but subject to the requirement as and when necessary.

2.11 Statement by Audit Committee

The Audit Committee has seen and reviewed the guidelines and procedures set out in Section 2.10 above and is of the view that they are sufficient to ensure that the RRPT will be carried out at arm's length and on normal commercial terms which are not more favourable to the Related Party(ies) involved than those generally available to the public and not detrimental to the interest of the Company and its minority shareholders.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee shall review these procedures and processes once a year. This is to ensure that the RRPT are not detrimental or prejudicial to the minority shareholders of the Company.

3. RATIONALES AND BENEFITS FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The Group has, in the course of its ordinary business in the past established a long-standing business relationship with Scientex Group which has been prevailing for more than 5 years. Upon the Group becoming a subsidiary of Scientex, it is in the Group's interest to continue with such a business relationship. This continued relationship will enable the Group to leverage and tap on the resources and expertise of Scientex Group to support its business needs on the best possible terms. It will also position the Group to accelerate innovation and development of quality sustainable flexible packaging products and recyclable packaging solutions which would better serve the global needs of brand owners seeking customised packaging solutions.

The Proposed Renewal of Shareholders' Mandate for RRPT serves to:

- (a) facilitate future RRPT to be entered into by the Group, which are in its ordinary course of business and to be undertaken on normal commercial terms and on terms not more favorable to the Related Party(ies) than those generally available to and/or from the public, where applicable, and, in the Company's opinion, not detrimental to its minority shareholders;

- (b) enhance the Group's ability to pursue business opportunities which are time-sensitive in nature and eliminate the need for the Company to convene separate general meetings to seek shareholders' approval for each RRPT; and
- (c) reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channeled towards attaining other corporate objectives.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The Proposed Renewal of Shareholders' Mandate for RRPT is not expected to have any material impact on the share capital, Substantial Shareholders' shareholdings, earnings, gearing and NA of SPAK Group.

5. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate for RRPT is subject to the approval being obtained from the shareholders of the Company at the 49th AGM to be convened or any adjournment thereof.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Saved as disclosed below, none of the Director(s), Major Shareholder(s) and/or Person(s) Connected with them, have any direct or indirect interest in the Proposed Renewal of Shareholders' Mandate for RRPT:

	Shareholding as at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Major Shareholder</u>				
Scientex Berhad	252,071,835	71.89	Nil	Nil

Scientex, being the Major Shareholder of the Company who is interested in the Proposed Renewal of Shareholders' Mandate for RRPT will abstain from all deliberation and voting of the proposal in respect of its direct shareholdings in the Company on the Ordinary Resolution at the 49th AGM or any adjournment thereof.

Scientex further undertakes that the Persons Connected with it will abstain from voting in respect of their direct and indirect shareholdings of the Company on the Ordinary Resolution at the 49th AGM or any adjournment thereof.

7. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Shareholders' Mandate for RRPT, is of the opinion that the proposal is in the best interest of the Group. Accordingly, the Board recommends that shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT to be tabled at the 49th AGM or any adjournment thereof.

8. AGM

The Ordinary Resolution to approve the Proposed Renewal of Shareholders' Mandate for RRPT is set out as special business in the Notice of 49th AGM contained in the Company's Annual Report 2022. The 49th AGM 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 TIH Online website at <https://tiah.online> on Wednesday, 7 December 2022 at 11.00 a.m. or any adjournment thereof.

You are advised to refer to the Notice of 49th AGM together with the Form of Proxy and Administrative Guide of the 49th AGM ("Administrative Guide"), which are accessible at <https://scientexpackagingak.com.my/agm-egm/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the Remote Participation and Voting facilities.

9. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
SCIENTEX PACKAGING (AYER KEROH) BERHAD
(Formerly known as Daibochi Berhad)

CHOO SENG HONG
Chairman and Non-Independent Non-Executive Director

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement/Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement herein false or misleading.

2. MATERIAL LITIGATION

As at LPD, SPAK Group is not involved in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of SPAK Group.

3. MATERIAL CONTRACTS

As at LPD, SPAK Group has not entered into any contracts which are or may be material (not being contracts entered into the ordinary course of business of the Group) during the two (2) years immediately preceding the date of this Statement/Circular.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) from the date of this Statement/Circular up to and including the date of the 49th AGM:

- (a) Constitution of the Company; and
- (b) Audited Financial Statements of the Company for the financial years ended 31 July 2021 and 31 July 2022.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

EXTRACT OF THE NOTICE OF FORTY-NINTH AGM

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

Ordinary Resolution II**Proposed Renewal of Share Buy-Back Authority**

“THAT subject to the rules, regulations, orders and guidelines made pursuant to the Act, provisions of the Constitution of the Company and the Main Market Listing Requirements of 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 (“SPAK Shares”) through Bursa Securities (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company 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 SPAK 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 2022, the audited retained earnings of the Company was RM138,061,000; 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 AGM 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 AGM 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.”

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Ordinary Resolution III

Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders’ Mandate for RRPT")

“THAT subject to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries (the "Group") to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part B of the Statement/Circular to Shareholders dated 8 November 2022, which are necessary for the day-to-day operations and within the ordinary course of business of the Group, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT, such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such ordinary resolution for the Proposed Renewal of Shareholders' Mandate for RRPT was passed, at which time it shall lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND THAT, the Directors of the Company be and are hereby authorised to complete and do all such acts and things that they may consider expedient or necessary (including the amendment and/or execution of such documents as may be required) to give effect to the Proposed Renewal of Shareholders’ Mandate for RRPT.”

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
