



KILANG PEMBUNGKUSAN PLASTIK



LEE SOON SENG PLASTIC INDUSTRIES SDN. BHD.

李順成塑膠工業有限公司

(Wholly Owned by SCGM Bhd) (119117M)

PTD 109444, JALAN SENKANG, SENKANG, 81000 KULAI, JOHORE

# CORPORATE PRESENTATION

Bursa Briefing  
2<sup>nd</sup> June 2021



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Company No. 200701021012 (779028-H)

## **Section 1: Executive Summary**

## Largest Thermoform Plastic Packaging Manufacturer in Malaysia

*LSSPI is the largest thermoform plastic packaging manufacturer in Malaysia*



- Innovative manufacturing capabilities led by experienced and enterprising Lee founding family.
- **More than 1000 SKU** for food & beverage, PPE medical and electronic sectors.
- **Established customer base** with long-term relationships and recurring orders from over 20 countries in Asia, America and Europe.
- Its holding company, SCGM, is listed on the Kuala Lumpur Stock Exchange (KSLSE:SCGM) since 2008 with current market capitalisation of MYR 400m.

## New State-of-the-Art Production Facility with Thermoform Capacity of more than 30m kg of Plastics Annually

*Newly built production facility, equipped with high quality and well maintained machines*



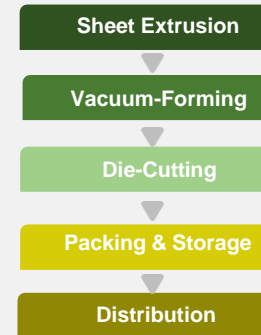
Key Manufacturing Equipment	# Units
Extrusion Machines	15
High Speed Forming Machines	34
Semi-Auto Forming Machines	23
Hydraulic Die-Cut Machines	20
Auto Cup Forming-Punching Machines	3
Face Mask Machines	6



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## Vertically Integrated Manufacturing Capabilities

*End-to-end manufacturing from sheet extrusion to final products*



- In-house sheet extrusion enable **cost savings, higher quality control and manufacturing flexibility.**
- **Elimination of waste** by recycling of leftover die cut materials and production rejects as feedstock for sheet extrusion.
- **In-house delivery capabilities** with wide distribution network in Malaysia to ensure on-time delivery to meet customer demands.

## Diverse Portfolio of Internally Designed & Patented Products with Sustainable Options

*Wide portfolio of internally designed products ranging from degradable lunchboxes to personal protection equipment*



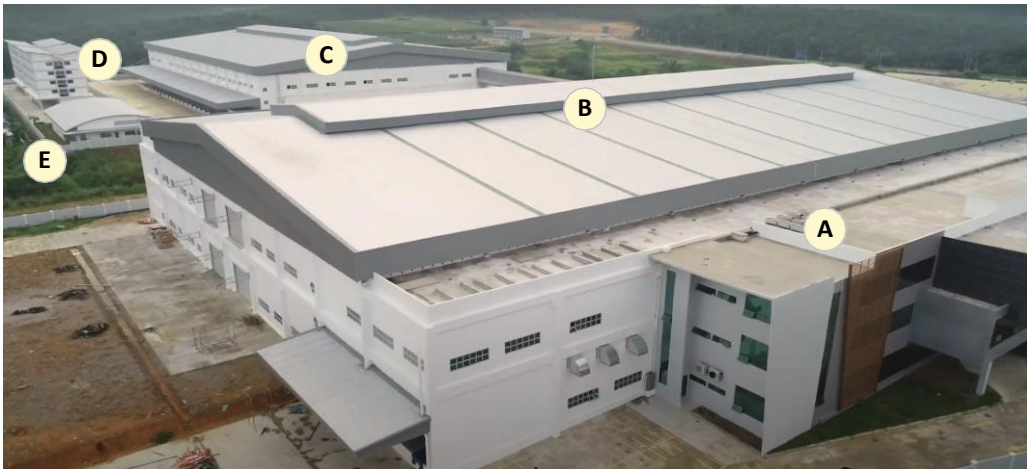
- Over 150 product mould designs registered with Intellectual Property Offices in Singapore and Malaysia.
- Extensive food & beverage product portfolio including degradable packaging, plant-based packaging, 'hygienic' disposable cups, tamper evident food containers among others.
- Expanded into personal protection equipment manufacturing in 2020 leveraging existing manufacturing capabilities in response to the Covid-19 pandemic.

# State-of-the-art Manufacturing Facility



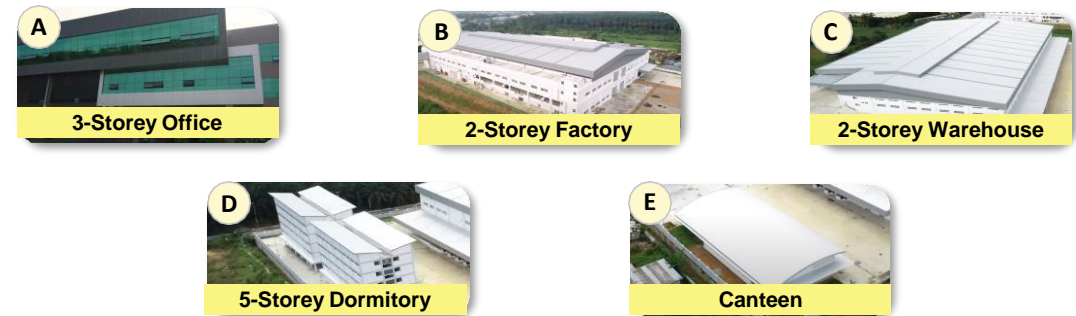
Relocation to new state-of-the-art manufacturing facility in 2019 with increased floor space for additional production lines to increase production capacity

## New Manufacturing Facility at Kulai, Johor



<b>Location</b>	Kulai, Johor
<b>Land Area</b>	61,164m <sup>2</sup>
<b>Built-up Area</b>	55,750m <sup>2</sup>
<b>Ownership</b>	Wholly-owned, Freehold
<b>Land cost</b>	MYR 14.5m (as at 30 <sup>th</sup> April 2020)
<b>Building Cost</b>	MYR 104.7m (as at 30 <sup>th</sup> April 2020)
<b>Construction Period</b>	FY17 – FY18
<b>Relocation Period</b>	FY19

## Facility Features



Fully-equipped state-of-the-art manufacturing facility to ensure smooth and efficient operations

## Production capacities of new facility

Annual capacity in millions of kg



One stop plastic packaging manufacturer... leveraging on huge extrusion capacity, growing customer base and streamlined processes



## One stop plastic packaging manufacturer from extrusion sheets to end-product



Sheet Extrusion



Thermo Forming, Cutting & Packing



Delivery



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Storage



Company No. 200701021012 (779028-H)

## **Section 2: Industry Overview**

# Overview of the Malaysian Plastic Packaging Industry

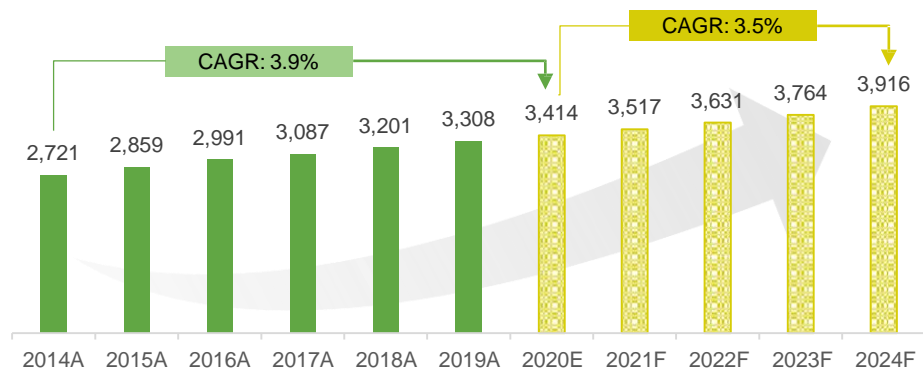


**Food thermoform packaging is expected to be at 6% CAGR until 2027F**

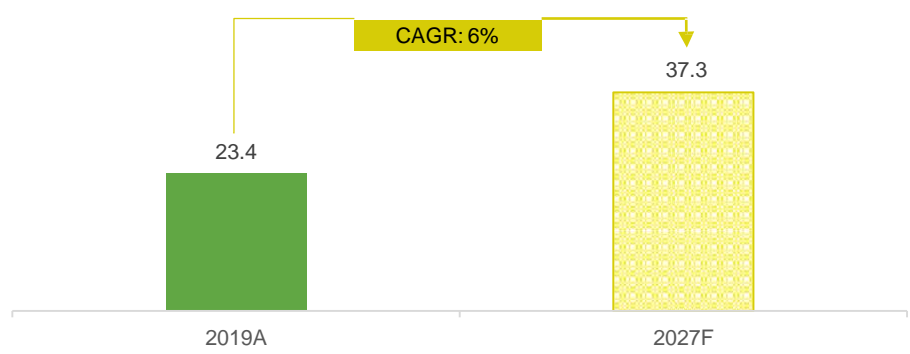
**While the Malaysian rigid plastic packaging industry is expected to grow at 3.5% CAGR...**

**...the value of global food thermoform packaging is expected to grow at a higher 6% CAGR**

Malaysian rigid plastic packaging sales volume in millions of units<sup>(1)</sup>

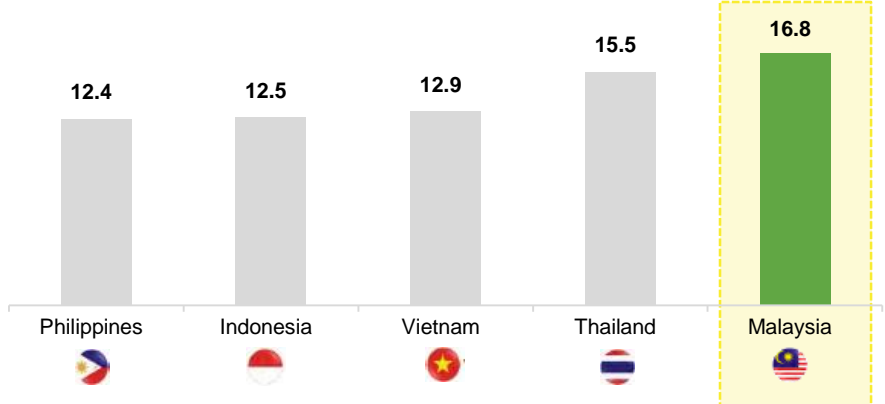


Global food thermoform packaging market size in USDbn<sup>(2)</sup>



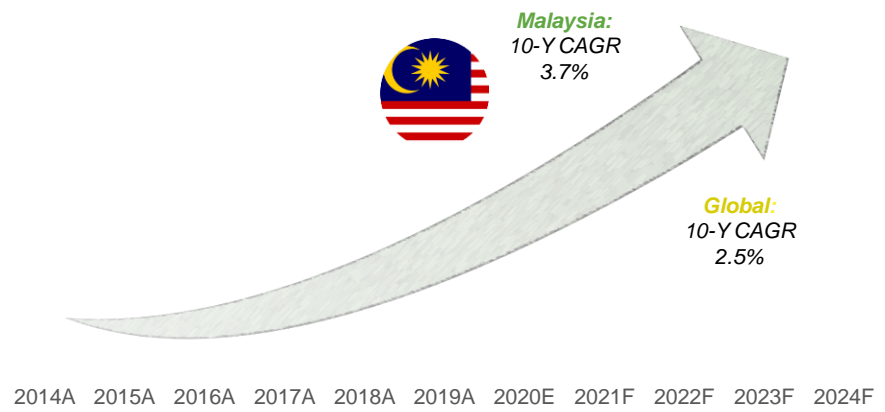
**Malaysia is the largest consumer of plastic packaging among developing neighbours...**

Annual per capita plastic packaging consumption in kg in 2016<sup>(3)</sup>



**...with demand growth for rigid plastic packaging outpacing the global average**

Malaysia rigid plastic packaging sales volume vs world in millions of units<sup>(1)</sup>



Note 1: Euromonitor; Note 2: Transparency Market Research; Note 3: WWF



# Malaysia Plastic Packaging Industry Landscape



The largest plastic packaging companies in Malaysia are mainly flexible packaging manufacturers and do not compete directly with rigid thermoform players like LSSPI







Type of Plastic Packaging Companies	Flexible Packaging	Rigid Bottle Packaging	Rigid Non-bottle Packaging
Raw Materials	HDPE, PP	PET, PVC, PP, PS	PS, PP, PET, PVC
Manufacturing Methods	Blown-film extrusion & rotogravure printing	Test-tube like plastic preforms & extrusion blow moulding	Sheet extrusion & vacuum-forming
Primary Uses	<p>Food packaging Plastic bags FMCG packaging</p>	<p>Bottles FMCG packaging</p>	<p>Disposable food containers Disposable cups Medical trays</p>
Manufacturers in Malaysia	<p>SCIENTEX SLP RESOURCES BERHAD THONG GUAN INDUSTRIES BERHAD thp</p>	<p>DYNAPLAST CAN-ONE BERHAD SHS PLASTICS INDUSTRIES SDN. BHD.</p>	<p>SCGM BHD HIRO ASIATIC MULTIPLEX</p>

- The plastic packaging industry comprises 3 main product segments with each requiring different raw materials and manufacturing capabilities.
- These product segments cater to the different packaging needs of the customers.
- As such, manufacturers of different product segments generally do not compete with each other.
- LSSPI is the only listed rigid non-bottle plastic packaging company in Malaysia with ~70% market share<sup>(1)</sup>.

Note: "FMCG" refers to fast-moving consumer goods; Note 1: as of 2017

# Competitive Landscape

LSSPI is the largest rigid non-bottle plastic packaging company in Malaysia with superior margins

Key Players (Founding Year)	1984  Lee Soon Seng	1993  GWI Manufacturing	2000  HIRO	1987  ASIATIC <small>Plastic Packaging Industries</small> <small>Sole Mfg (Company)</small>	1965  MULTIPLEX PACKAGING	1987  SFI Sup-Form Industries
Company Status	Public via SCGM	Private	Private	Private	Private	Private
Key Capabilities:						
Sheet Extrusion	✓	✗	✗	✓	✗	✓
Vacuum-Forming	✓	✓	✓	✓	✓	✓
In-house Logistics	✓	✓	✓	✗	✗	✗
Key Products	Disposable food containers, electronic & medical packaging	Hard disk tray, medical equipment tray & blister packs	Disposable food containers	Disposable food containers	Disposable food containers	Disposable food packaging, injection moulded parts
Revenue (MYRm)	210	115	80	38	35	16
Net Income Margin (%)	8.2%	2.0%	5.1%	4.8%	2.5%	5.8%



®

*SCGM BHD*®

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## **Company Details**

# History & Key Milestones

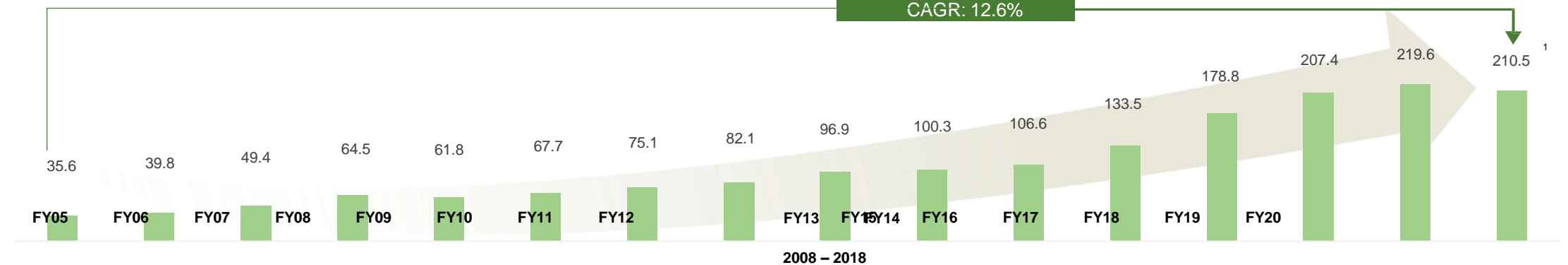


With over 36 years of operating history, LSSPI has transformed into the largest manufacturer of thermoform non-bottle rigid plastic packaging products in Malaysia



## Lee Soon Seng Plastic Industries

Revenue in MYRm



### Formative Years

### Rapid Growth

### New Beginnings

- 1984 Founded as Lee Soon Seng Plastic Industries (“LSSPI”) with 2 semi auto vacuum-forming machines and 8 employees
- 1992 Relocated to new factory with land area of 130,000 sqft and built-up area of 15,000 sqft
- 1996 Expanded factory build-up area to 40,000 sqft
- 2003 Expanded factory land area of facility to 260,000 sqft and built-up area to 85,000 sqft
- 2004 Commenced extrusion of HIPS and PP sheets and intensified export activities
- 2006 Further expanded factory build-up area to 170,000 sqft and started extruding PET plastic sheets

- 2008 Incorporated of SCGM as holding company for listing on Bursa Malaysia
- 2009 Expanded factory land area to 390,000 sqft and built-up area to 180,000 sqft
- 2010 Started producing 100% plant-based & biodegradable PLA food containers for export to the US market
- 2013 Started producing PLA plastic sheets in-house
- 2014 Commenced single-line production of ‘hygienic’ PP disposable cups with full automation from resin to packaging in control room
- 2017 Commenced production of tamper evident food containers and supplied degradable lunchboxes for 29<sup>th</sup> SEA Games held in Kuala Lumpur
- 2018 Started commercially producing “Benxon” branded degradable plastic packaging jointly developed with Sugianto Tanto, who was founder and innovator of eco-tech plastic solutions

- 2019 Relocated to new facility with land area of 658,365 sqft and built-up area of 600,084 sqft
- 2020 Diversified into the production of personal protective equipment (“PPE”) in response to the Covid-19 pandemic

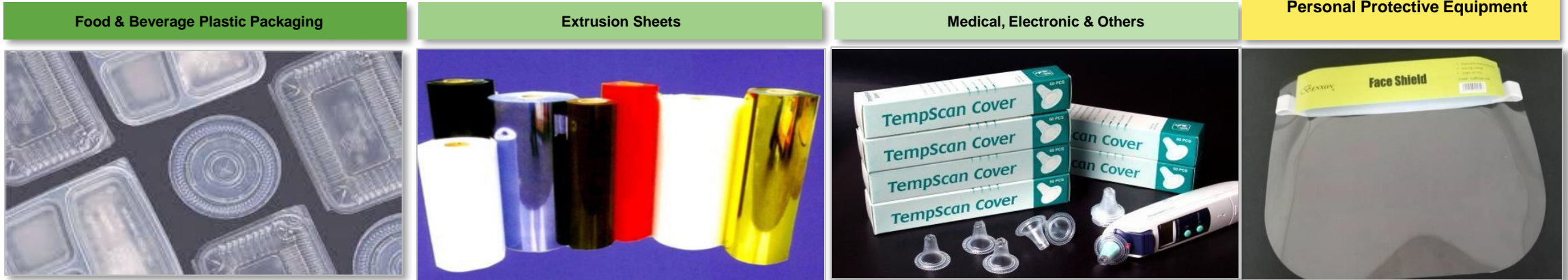


# Overview of Business Segments

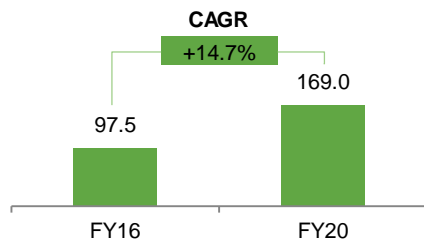
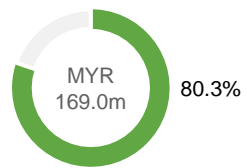


Integrated manufacturing capabilities to provide comprehensive plastic packaging solutions to customers in food & beverage sector and other industries

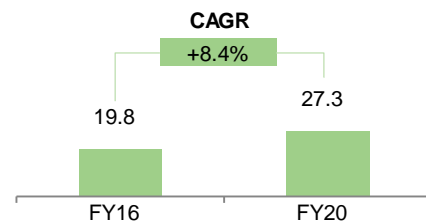
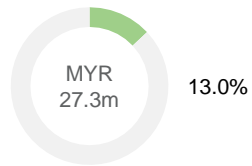
## Plastic Packaging Products



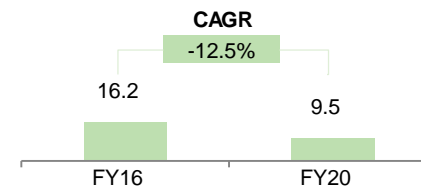
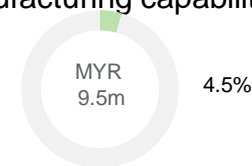
Leading producer of disposable food & beverage plastic packaging in Malaysia



Sale of extrusion sheets to other packaging manufacturers

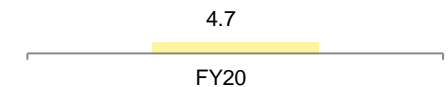
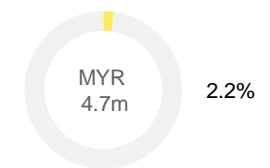


Complementary products using the same manufacturing capabilities



Personal Protective Equipment

New segment introduced in FY20 in response to Covid-19 pandemic



FY20 segment revenue (in MYRm)

# Key Senior Management



Capable & reputable senior management team with significant industry experience that has led and built the Company since founding

## Founding family of LSSPI and substantial shareholders of SCGM

### Dato' Sri Lee Hock Seng

Executive Chairman & Co-Founder



**Nationality:** Malaysian  
**Age:** 70  
**Industry Experience:** +50 years  
**Key Responsibilities:**

- Strategic business development

### Dato' Sri Lee Hock Chai

Managing Director & Co-Founder



**Nationality:** Malaysian  
**Age:** 58  
**Industry Experience:** +40 years  
**Key Responsibilities:**

- Strategic business development

### Dato' Sri Lee Hock Guan

Deputy Managing Director



**Nationality:** Malaysian  
**Age:** 60  
**Industry Experience:** +40 years  
**Key Responsibilities:**

- Production planning
- General machinery maintenance

### Lee Hock Meng

Executive Director



**Nationality:** Malaysian  
**Age:** 67  
**Industry Experience:** +40 years  
**Key Responsibilities:**

- Shipping & logistics

## Professional Manager

### Ng Chye Huat

Group Financial Controller



**Nationality:** Malaysian  
**Age:** 49  
**Industry Experience:** +25 years  
**Key Responsibilities:**

- Financial & management reporting

## Professional Manager

### David Cheng

Investor Relations and Sustainability Director



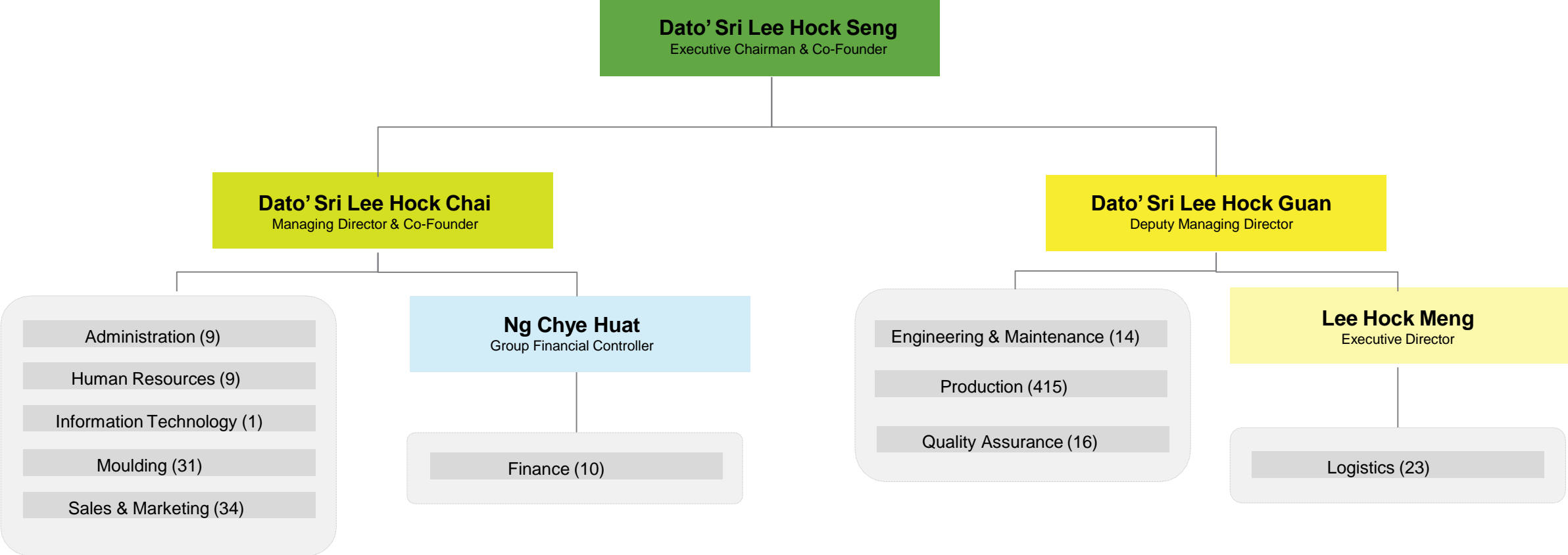
**Nationality:** Malaysian  
**Age:** 47  
**Industry Experience:** +20 years  
**Key Responsibilities:**

- Investor Relations
- Head of Sustainability

# Reporting Structure



Key senior management directly manages 562<sup>1</sup> employees across the entire group



# Certifications & Awards



LSSPI is a reputable company that is both internationally certified and well known for its quality industry practices and services

## Internationally Certified Company



**Hazard Analysis & Critical Control Points:** Commitment to addressing hazards that may affect food safety and hygiene

Since 2010



**ISO 9001:2015** Quality assurance for management systems

Since 2016



**Good Manufacturing Practices:** High integrity of manufacturing process in compliance with food safety regulations

Since 2016



**FSSC 22000:** Demonstration of robust food safety management system

Since 2016



FTSE4Good

**FTSE4Good:** Included in Bursa Malaysia FTSE4Good Index for demonstration of strong ESG practices

2018 - 2020

## Award Winning Manufacturer With Strong Brand Recognition for Quality

### Notable awards



**Enterprise 50 Awards**  
2001 - 2009



**Golden Bull Awards**  
2003 - 2012



**Golden Eagle Awards**  
2013 - 2019



**Best Under Billion**  
2016 - 2017

### Other awards

- 2001 Johor Industry Quality Award
- 2003 SMI-BA International Best Overall Award
- 2003 Best Vendor (Cadbury)
- 2004 SMI – DiGi ICT Adoption Award
- 2005 SMB Best Overall Award
- 2006 SMB Innovation Excellence Award
- 2013 SME Achievers Award
- 2017 Sin Chew Daily Business Excellence Award
- 2020 RHB Investment Bank Top 20 Malaysia Small Cap Award







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## Section 4: Our Business in-depth



**AUTOMATIC CUP-LID PRODUCTION – PACKING  
FROM 8 MANPOWER → 2 MANPOWER  
ARRIVAL DATE: JULY 2021**



**AUTOMATIC CUTTING AND PACKING MACHINE  
FROM 8 MANPOWER → 2 MANPOWER  
ARRIVAL DATE: AUGUST/SEPTEMBER 2021**



**STRETCH FILM MACHINE  
FROM 3 MANPOWER → 0 MANPOWER  
ARRIVAL DATE: JUNE 2021**

**Segment Overview**

**Standard Packaging**



- **Diverse product range:** Over 600 different standard product moulds catering to wide range of industries
- **Patented industrial designs:** 135 industrial designs patented in Malaysia (72) and Singapore (63)
- **Sustainable packaging options:** One of the first companies in Malaysia to introduce biodegradable options for plastic packaging products

**Customised Packaging**

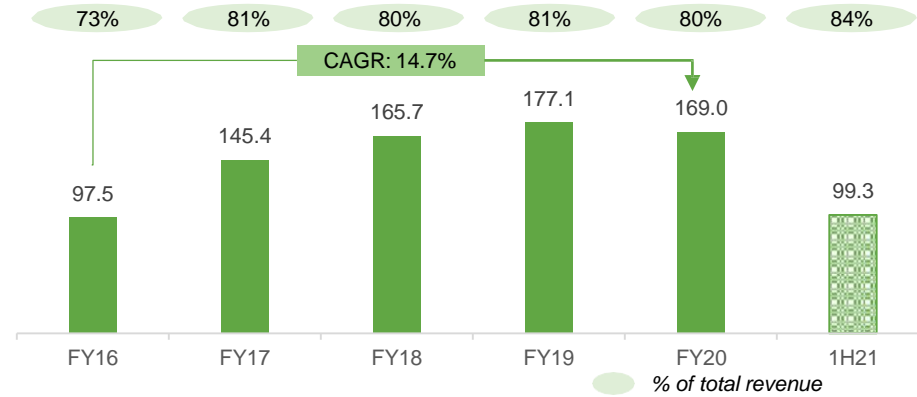


- **In-house design capabilities:** Competent in-house design team is able to produce computer-aided custom designs for customers' specific packaging needs
- **Higher margin:** Customised packaging products command higher margins and increase customer stickiness

Comprehensive packaging solutions for food & beverage customers

**Core segment with increasing % contribution**

Food & beverage packaging revenue in MYRm



**Select Customers**

**Domestic**

**Overseas**

Customers include multinational and local supermarket chains, snack food manufacturers, confectionery manufacturers, restaurant chains and beverage manufacturers

# Customer Portfolio



## Local Customers

## Foreign Customers

Food Industry



Others



Serving diverse customer base in local and export markets...

**Branded standard packaging products with constant research & development and innovation**

**Segment Highlights**



**Flagship In-house Brand**

- LSSPI markets and distributes its standard packaging products under its "Benxon" brand, which is trademarked in both Malaysia and Singapore.



**Diverse applications**

- LSSPI's standard packaging products are widely used in various food & beverage applications including bakery, catering, beverage, poultry, fruit & vegetables and food delivery.

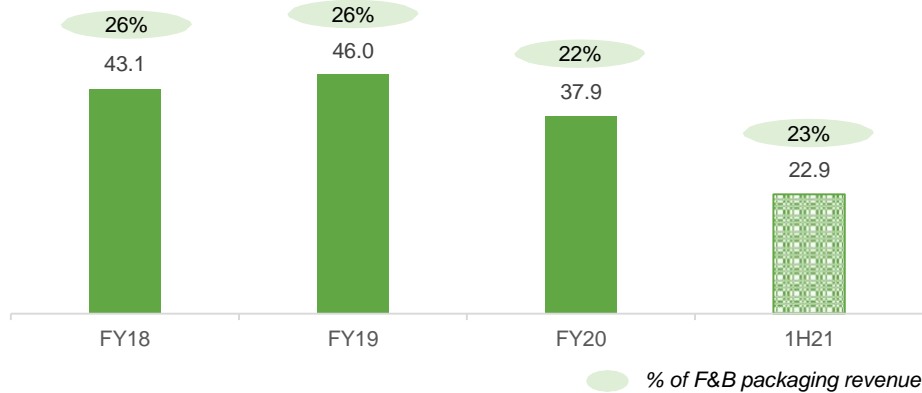


**Regular product research & development**

- Its in-house design team regularly conducts product research & development to create new product lines to cater to changing customer needs and penetrate new market segments.

**Gradual shift towards higher margin customised packaging products**

*F&B standard packaging revenue in MYRm*



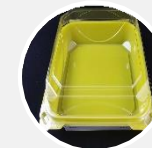
*Recent product innovations*

**2014**



- Hygienic PP disposable cups manufactured in a fully-automated and controlled environment

**2016**



- Invested in co-extrusion PET sheet line to produce 2-coloured clamshell food containers

**2017**



- Introduced tamper-evident containers and patterned sushi trays

# Food & Beverage – Customised Packaging Segment



End-to-end services from design to manufacturing generate higher margins and increase customer stickiness

## Segment Highlights



### In-house design & mould making team

- Dedicated and experienced team that work closely with customers to offer full-service solutions from product design to mould making and final production.
- In-house team of 31 staff include moulding tool technicians, CNC machine operators, mould designers, project coordinators and assistants.



### In-house mould making capabilities

- 6 units of CNC machines enabling in-house mould making via computer-aided design using the NX CAD/CAM 3-Axis Milling Foundation software
- Mould materials include aluminium, epoxy, plaster stone and wood, depending on individual customer needs



### Higher margin customised products

- Higher margin for customised packaging services
- A fee may also be charged for mould making

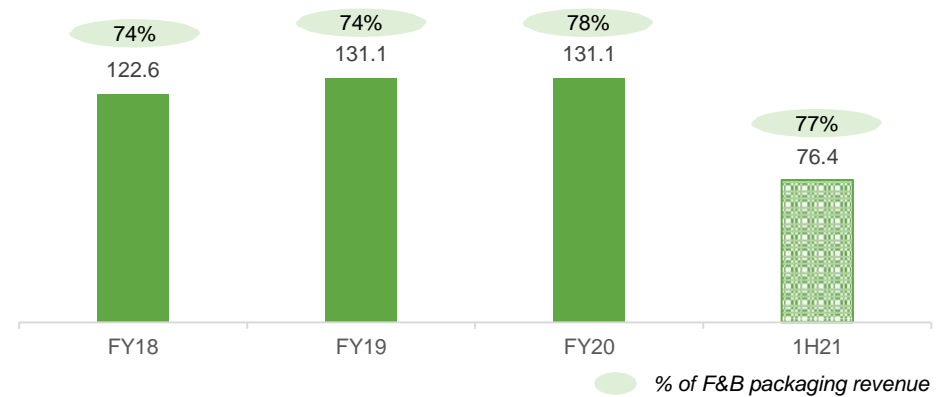


### High customer stickiness

- High switching cost for customers using customised packaging services, enabling higher customer stickiness

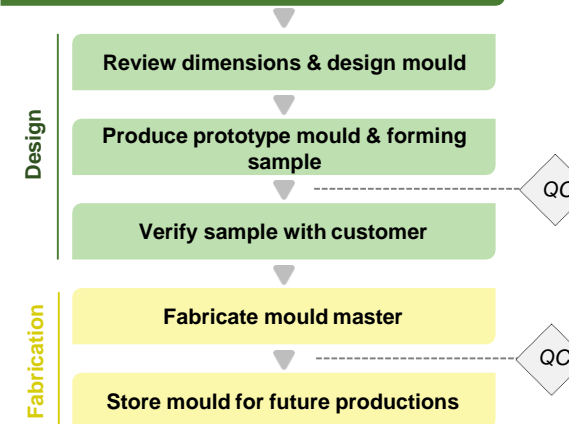
## Increasing revenue contribution from customised packaging segment

Food & beverage customised packaging revenue in MYRm



Comprehensive mould making capabilities to ensure that products meet customer requirements

### Receive dimensions & drawing from customer





# Food & Beverage – Products Overview



LSSPI produces a comprehensive range of standard & customised plastic packaging products that are suitable for wide food & beverage applications

Standard Products	Customised Products	
<p data-bbox="481 429 708 451"><b>Lunch Boxes &amp; Plates</b></p>  <ul data-bbox="305 668 879 779" style="list-style-type: none"> <li>- Over <b>80</b> standard designs including microwave-safe, ultra-clear lid and clamshell of varying sizes and structures</li> <li>- Suitable to replace styrofoam products, which are banned in many states in Malaysia</li> </ul>	<p data-bbox="1098 429 1378 451"><b>Tamper-evident Containers</b></p>  <ul data-bbox="950 668 1498 779" style="list-style-type: none"> <li>- Applications include snack, salad and fruit &amp; vegetable packaging</li> <li>- Strong, ultra-clear and durable containers with in-house designed temper-evident seal, for food safety purposes</li> </ul>	<p data-bbox="1816 429 1939 451"><b>Sushi Trays</b></p>  <ul data-bbox="1582 668 2114 722" style="list-style-type: none"> <li>- HIPS or PP sushi trays with unique Japanese pattern prints, combined with high clear OPS lids</li> </ul>
<p data-bbox="524 908 672 929"><b>Hygienic Cups</b></p>  <ul data-bbox="305 1146 879 1215" style="list-style-type: none"> <li>- Over <b>30</b> cup and lid designs including PP and super clear PET options, manufactured in fully-automated and controlled environment</li> </ul>	<p data-bbox="1123 908 1358 929"><b>Co-coloured Clamshell</b></p>  <ul data-bbox="950 1146 1498 1200" style="list-style-type: none"> <li>- 2-colour clamshell food containers providing additional presentation options for customers</li> </ul>	<p data-bbox="1842 908 1913 929"><b>Others</b></p>  <ul data-bbox="1582 1146 2147 1226" style="list-style-type: none"> <li>- Other products include fruit &amp; vegetable, bakery, food catering, food trays, moon cake trays, meat sealing trays and egg clamshells</li> </ul>

# Top Products Sold



## Top Products Sold

### Lunch Boxes

**BTB-3CN, BT-1**  
3-Cavity lunch boxes



**ECO-1, ECO-2**  
Traditional lunch boxes (economical)

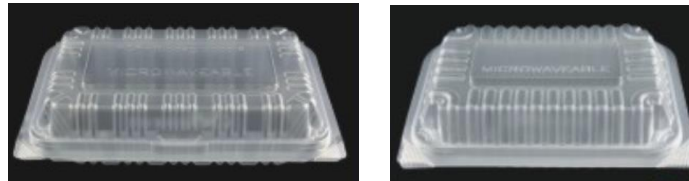


**BX-190, BX290**  
Bigger size lunch boxes



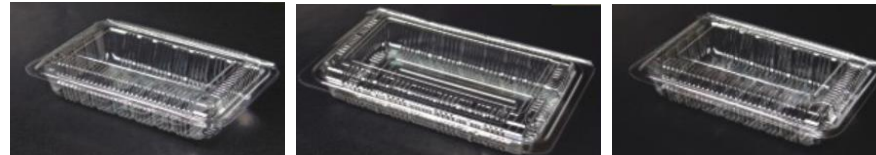
### Degradable Lunch Boxes

**BX-150, BX-250**



### OPS Trays

**OPS-OPS1H, OPS-OP2H, OPS-OP3H**



### Cups

**PP-360, PP-500, PP-700**



### Fruit Trays

**BX-500-85H**



Seeing high demand for multiple F&B plastic packaging amidst COVID-19 environment...

# Extrusion Sheet

Selling extrusion sheets allow LSSPI to maximise its extrusion capacity and manage its excess raw materials

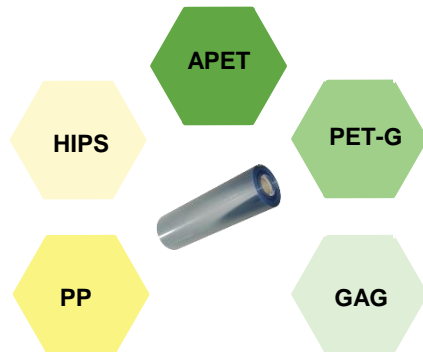
## Segment Overview



- **Maximisation of extrusion capacity:** excess extrusion capacity is utilised to manufacture extrusion sheets for sale to distributors or other downstream manufacturers (c.10% of extrusion sheets produced are sold externally)
- **Quality control:** full control over feedstock and manufacturing process to minimise defective rate for downstream products
- **Lower cost:** in-house manufacturing of semi-raw materials eliminates margins earned by middle-man

## Product Capabilities

Extrusion sheet selection

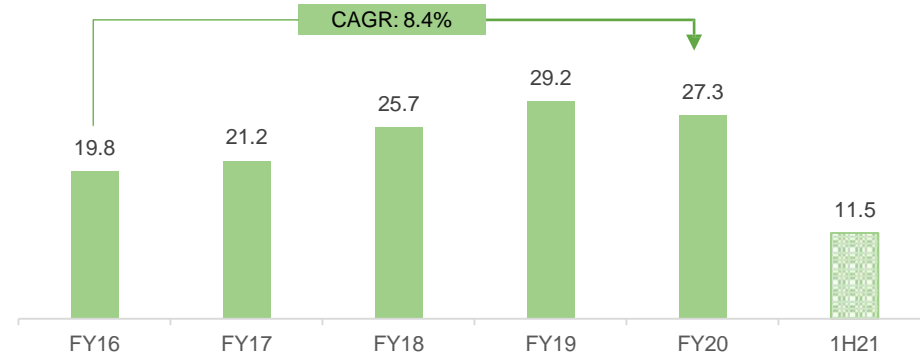


- **Thickness:** 0.1mm – 2.0mm
- **Layers:** Single or Multiple
- **Degradable sheets**
- **Co-extruded sheets**

Diverse portfolio of extrusion sheet materials and types

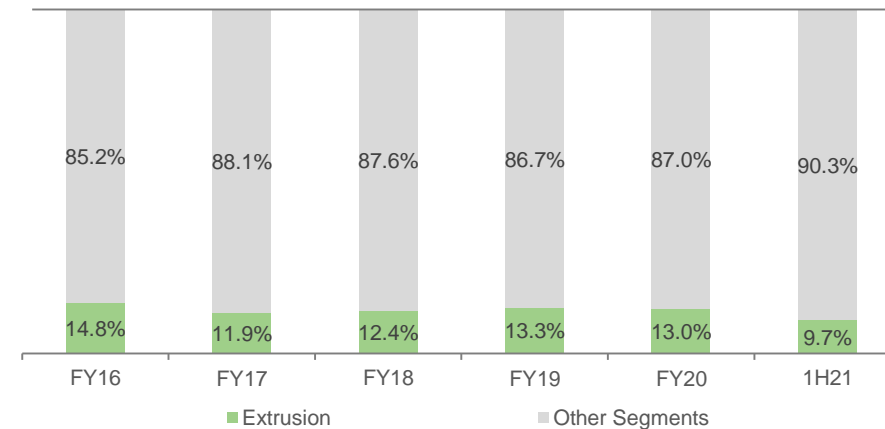
## Extrusion sheet sales has been growing alongside increasing extrusion capacity

Extrusion sheet revenue in MYRm



## Revenue contribution from sale of extrusion sheets has been relatively stable

% of extrusion sheet segment to total revenue



% contribution from non-core packaging segment has reduced over the years

## Segment Overview

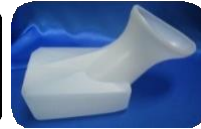
### Medical Packaging



Ear thermometer covers



Medical utensil trays



Urinal containers

– Key products include ear thermometer covers, medical utensil trays, kidney trays and urinal containers

### Electronics



– Key products include antistatic and black conductive trays to hold semi-finished and finished electronic products

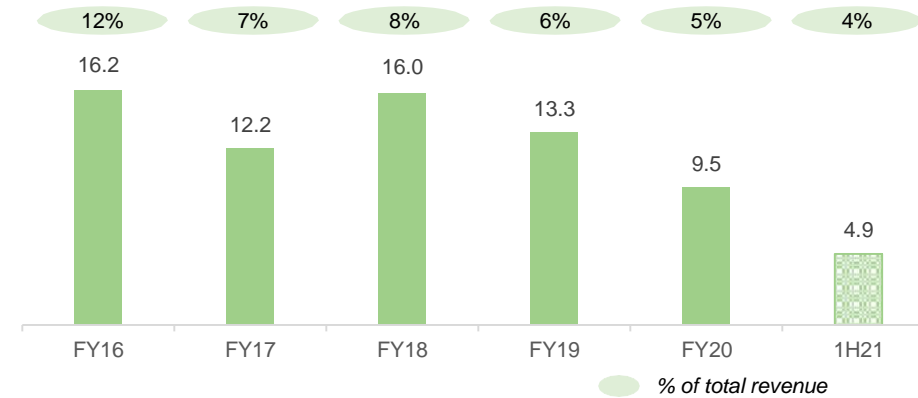
### Others



– Blister packs for non-food segments

## Non-core segment for filling capacity

Segment revenue contribution in MYRm



## Select Customers

### Domestic



WIDETECH



Panasonic



### Overseas



# Personal Protective Equipment Segment



New revenue segment introduced in response to the Covid-19 pandemic

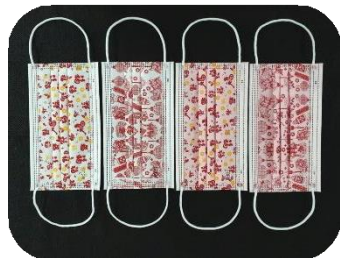
## Segment Overview

### Medical Face Shield



- Started production of medical face shields in February 2020 after receiving orders from hospitals in Malaysia and Singapore
- Currently supplying to private and public hospitals and pharmacies in Malaysia and Singapore
- Complementary product due to LSSPI's ample stock of PET which is the raw material used for manufacturing of face shields

### Surgical Face Masks



- 3-ply surgical face masks sold under LSSPI's trademark "Benxon" brand
- Passed tests in Malaysia and Singapore for synthetic blood penetration, microbial cleanliness, breathability, flammability and bacterial filtration efficiency
- Registered with the USA Food & Drug Administration, with potential for export to the US

Medical face masks are certified by testing labs in Malaysia and Singapore:



PSB Singapore

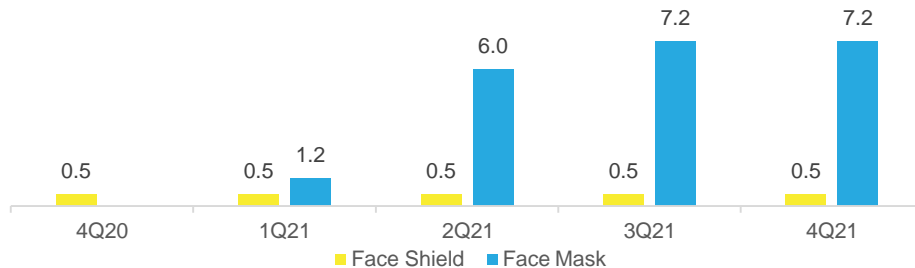
## Segment introduced in 2020 in response to the Covid-19 pandemic

Segment revenue contribution in MYRm



## Gradual expansion of production capacity for PPE in anticipation of higher demand both locally and overseas

Monthly production capacity in million of pieces

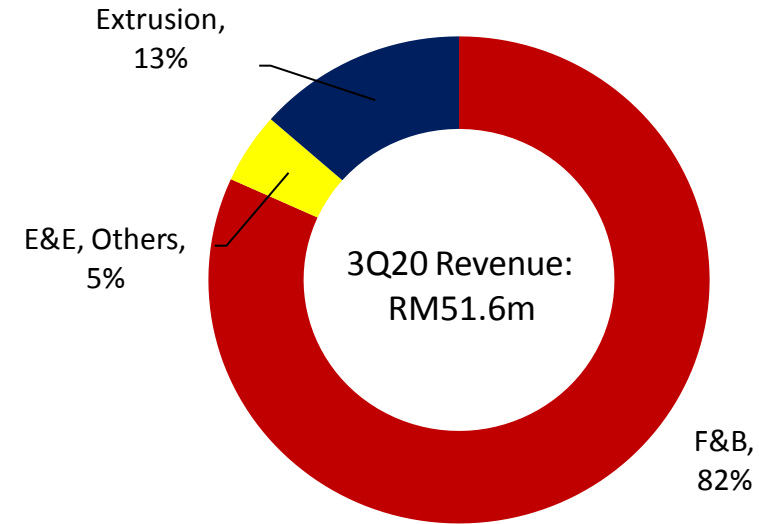
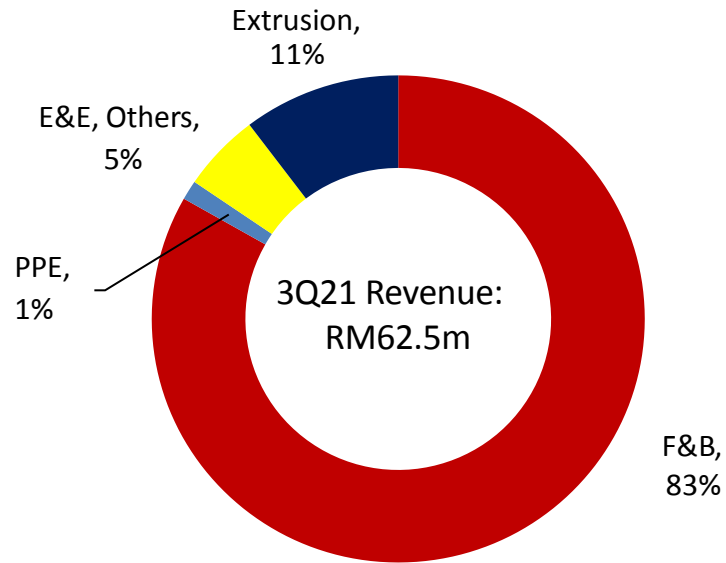


- LSSPI has continued to expand its production capacity for 3-ply surgical face masks as margins have remained lucrative despite gradual reduction of price ceiling per piece from RM 2 in March 2020 to 0.70 sen in October 2020.
- LSSPI has also obtained approval from the Ministry of Domestic Trade & Consumer Affairs to export 50% of its production capacity of 3-ply face masks to Singapore starting in 1Q21.



## **Section 5 : Financial Highlights**

# Revenue Segmentation: Products



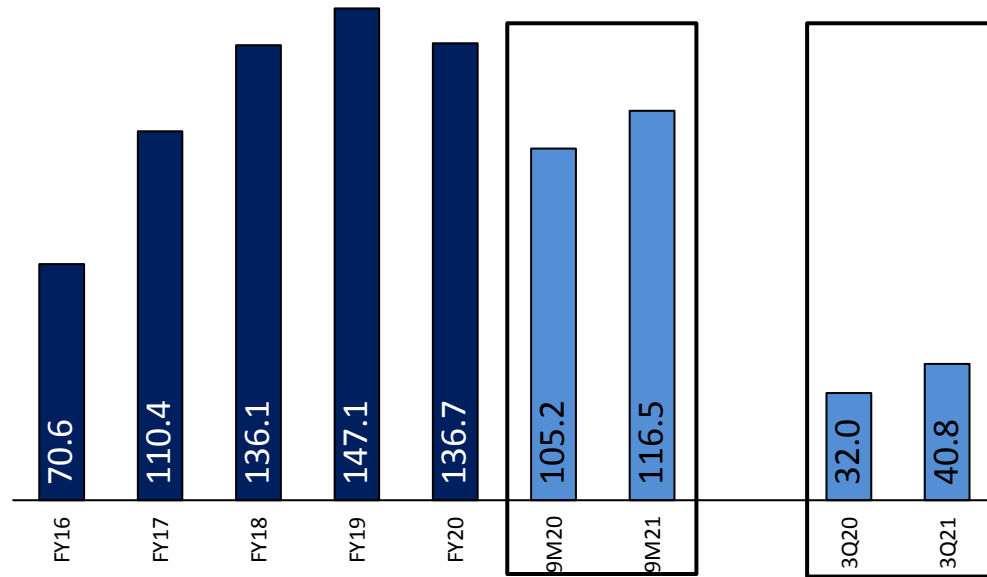
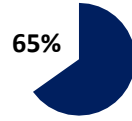
Revenue	3Q21 RM 'mil	3Q20 RM 'mil	Change %	9M21 RM 'mil	9M21 RM 'mil	Change %
F&B	52.0	42.2	23.2%	151.3	130.6	15.8%
PPE	0.8	-	-	3.4	-	-
Others*	3.2	2.4	33.6%	8.2	8.0	1.7%
Extrusion	6.5	7.0	-7.7%	17.9	22.2	-19.1%
<b>Total</b>	<b>62.6</b>	<b>51.6</b>	<b>21.2%</b>	<b>180.8</b>	<b>160.8</b>	<b>12.4%</b>

F&B remains the main revenue driver; double-digit revenue growth yoy.

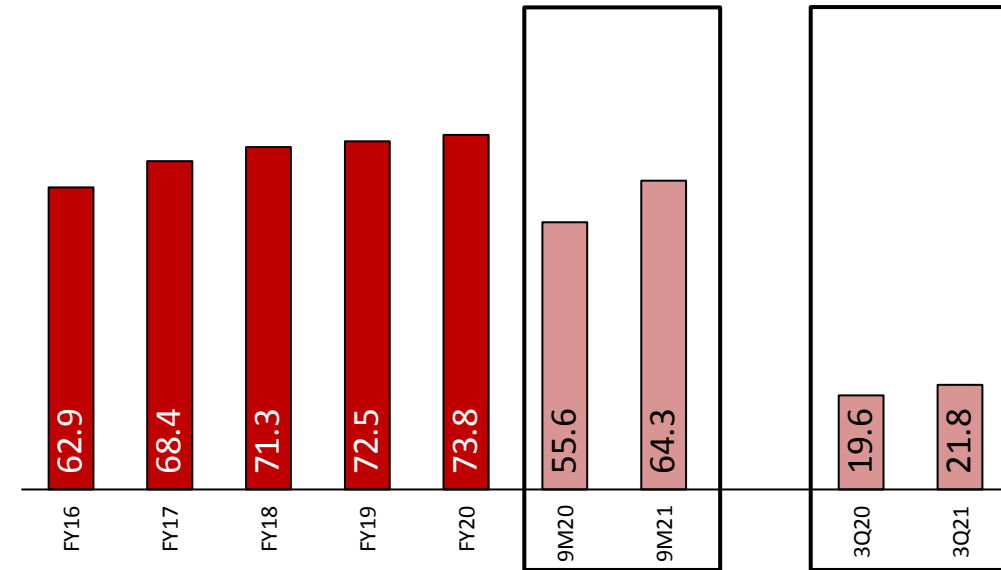
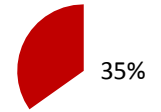
# Revenue Segmentation: Markets



## Local



## Exports



### 3Q21 local sales increased by 27.3%

- Continuous growth in F&B segment
- Added 37 new local customers

### 3Q21 export revenue increased by 11.0%

- Added 10 new international customers (from Singapore and Australia, Vietnam, Brunei and New Zealand)

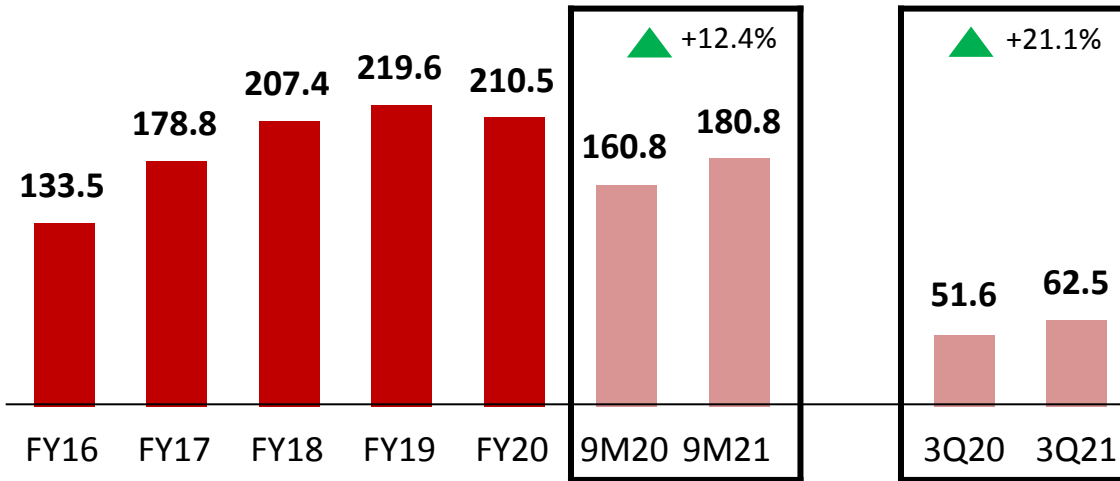
COVID-19 driving growth of F&B packaging sales...Export sales grew on higher orders from new and existing clients



# Performance Trend

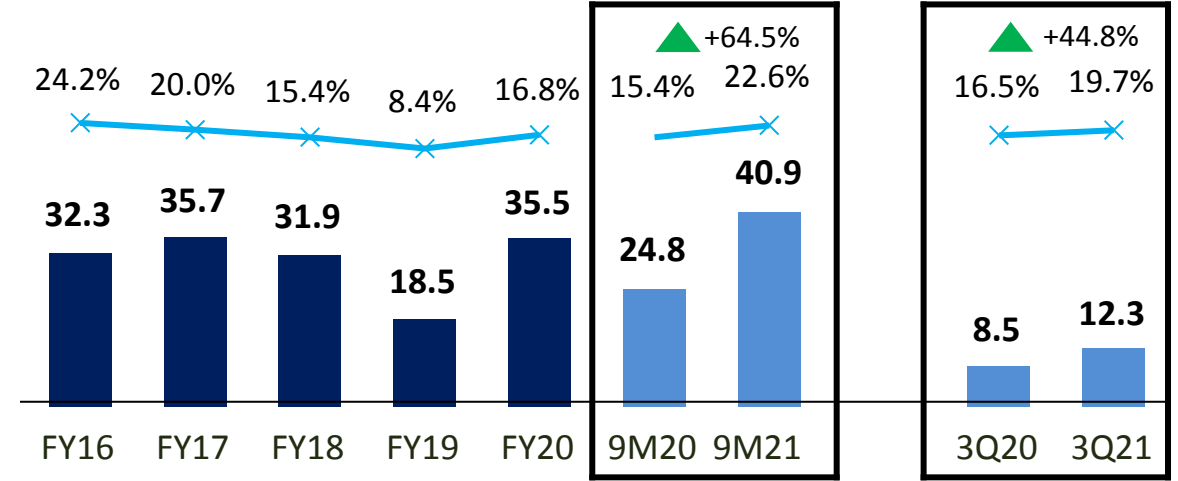


## ■ Revenue (RM'mil)



## ■ EBITDA (RM'mil)

## ✕ EBITDA Margins (%)



### Higher revenue in 3Q21 due to

- Higher export and local sales for F&B packaging
- RM0.8 million from PPE segment

### Higher revenue in 9M21 on

- Higher overall sales for F&B packaging
- RM3.4 million from PPE segment

### EBITDA margins in 3Q21 improved on

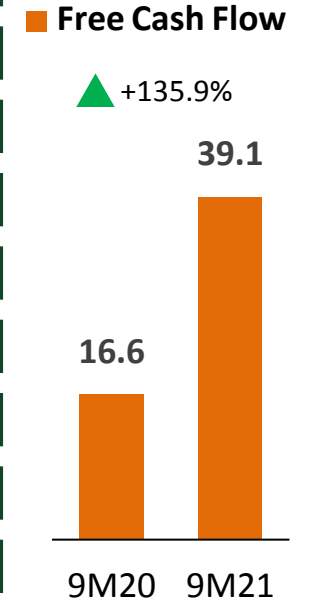
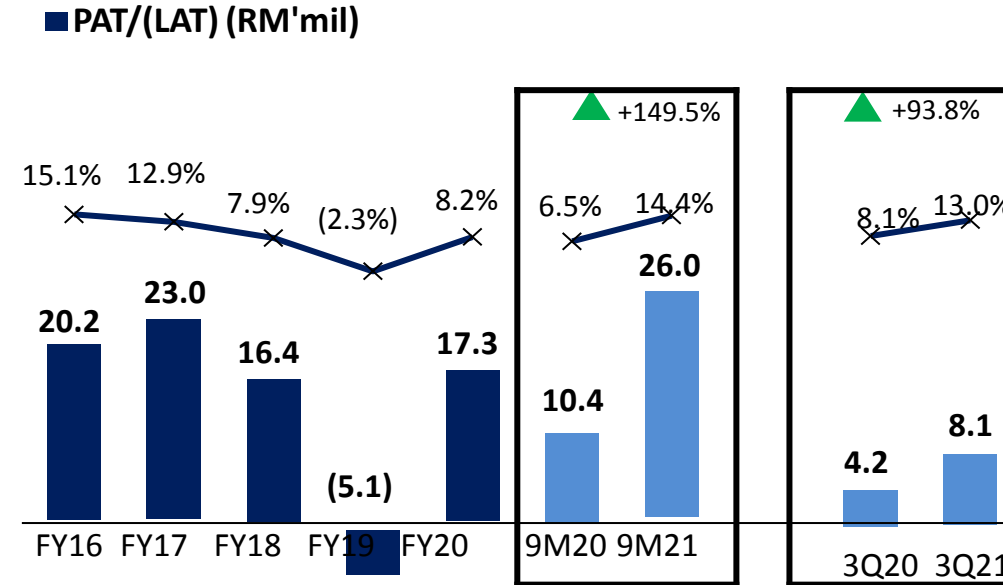
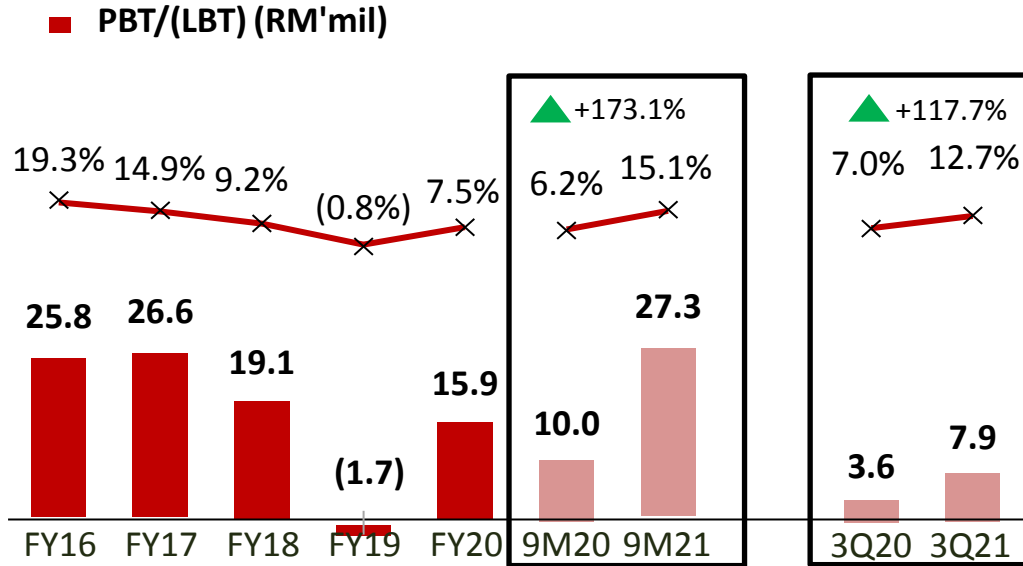
- Favourable sales mix
- Lower operating costs from consolidation into one factory
- Improved despite higher resin prices

### EBITDA margins in 9M21 improved on

- Similar factors as 3Q21 except lower resin prices

Revenue growth on higher F&B packaging sales and PPE contributions... improving EBITDA margins on better efficiency

# Profit Trend



## Higher PBT and PAT in 3Q21 from

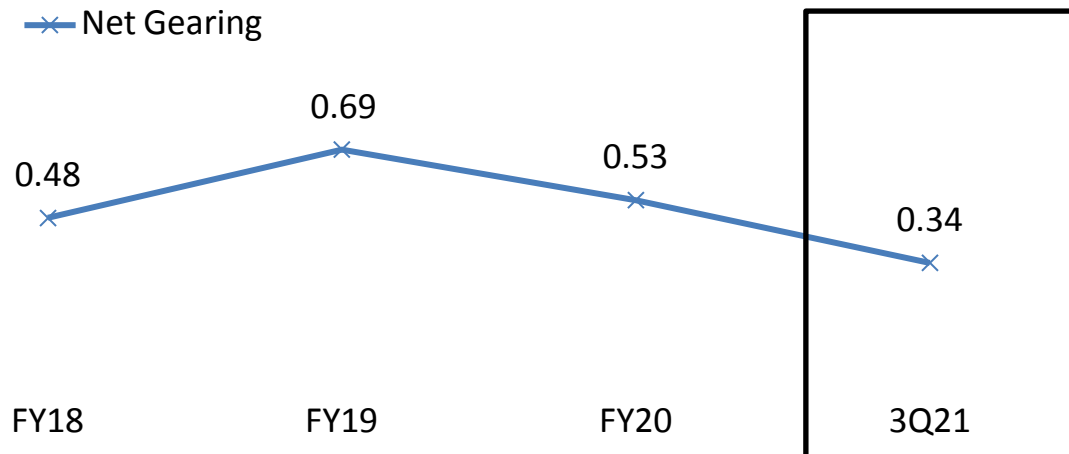
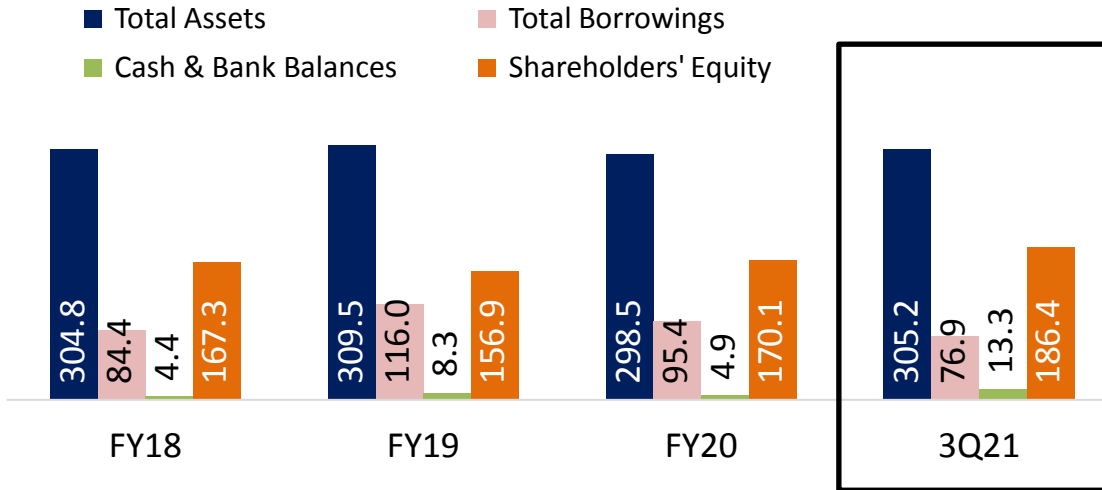
- Higher revenue for the quarter
- Favourable sales mix
- Lower interest expenses
- Reduced operating expenses after plant consolidation

## PBT and PAT grew in 9M21 due to

- Similar factors as 3Q21 as well as lower resin prices

Improved profitability on better sales mix, lower cost of materials and reduced finance and operating expenses...

# Balance Sheet



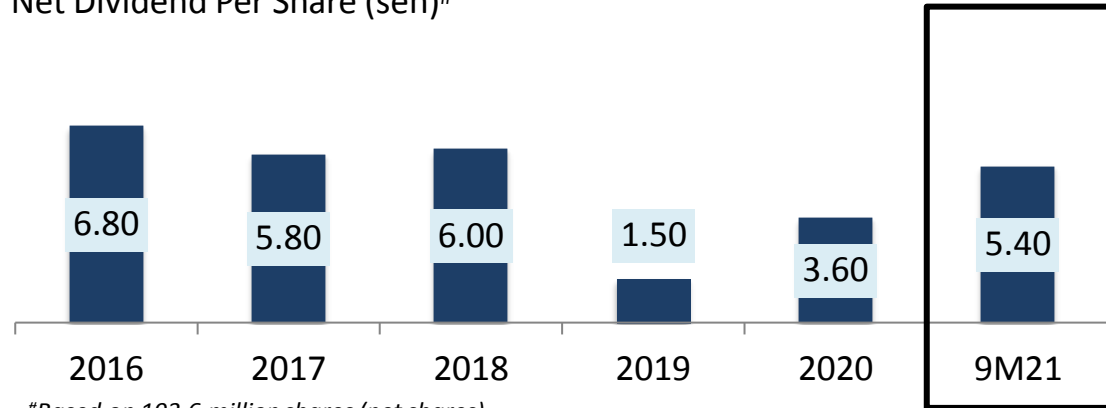
RM 'mil	As at 31.01.21 (Unaudited)	As at 30.4.20 (Audited)	Remarks
Current Assets	101.46	94.54	Increased on higher cash and bank balances
Non Current Assets	203.76	204.00	
Current Liabilities	66.80	68.51	Reduced on decreased total borrowings
Non-Current Liabilities	52.02	59.89	
Shareholders' Equity	186.40	170.15	Increased due to higher retained earnings
Cash & Bank Balances	13.28	4.87	
Total Borrowings	76.88	95.41	
Net Gearing (x)	0.34	0.53	Reduced in line with lower borrowings and higher cash & bank balances
Net Asset per Share (sen)	96.80	88.36	

Pared-down borrowings and and higher cash and bank balances to improve cashflow and net gearing...

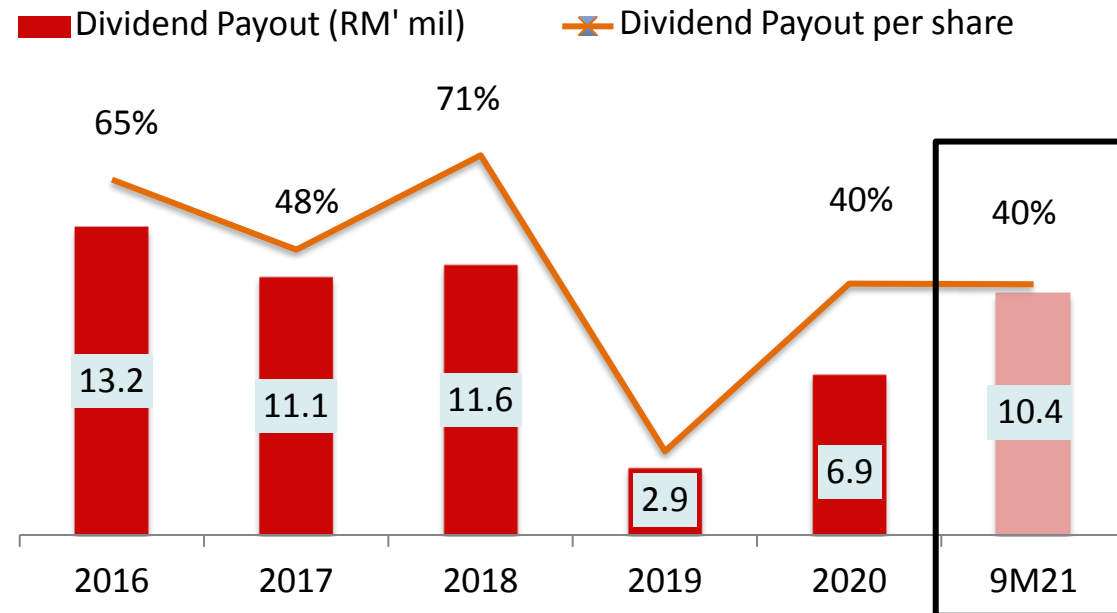
# Dividend History



Net Dividend Per Share (sen)#



#Based on 193.6 million shares (net shares)



Dividend Policy of distributing minimum 40% of net profit to shareholders

In respect of FY2021

3<sup>rd</sup> Interim dividend of 2.20 sen/share

Ex-date: 12 April 2021

Payment date: 28 April 2021

2<sup>nd</sup> Interim dividend of 1.50 sen/share

Paid on: 22 Jan 2021

1<sup>st</sup> Interim dividend of 1.70 sen/share

Paid on: 12 Nov 2020

Declared third interim dividend of 2.20 sen in respect of FY2021.



## Section 6 : SCGM ESG in Practice

*A Whole New **Urgent** World*

**Threat** or Opportunity



SUSPI was first defined in 2018, was to measure how SCGM ESG Material Matrix to be measured both qualitative and quantitative.

We decided to adopt the three pillars that is People, Planet and Prosperity.

The objective of SUSPI was to evaluate how we far we can go with ESG and we are proud to report we are a member of the FTSE4Good Index since 2019

**SCGM is the only plastic packaging company included in the FTSE4Good Bursa Malaysia Index as a result of its strong ESG practices**

## FTSE4Good Bursa Malaysia Index



FTSE4Good

- FTSE4Good Bursa Malaysia Index Series is part of the FTSE4Good Index Series that is created by FTSE Russell, a subsidiary of the London Stock Exchange Group.
- Its constituents of the index are selected from the top 200 Malaysian stocks in the FTSE Bursa Malaysia Index, screened in accordance with its transparent and defined ESG criteria.
- Only public-listed companies demonstrating strong ESG practices are included in the index, with criteria that are consistent with the global ESG model that FTSE had developed.

**0.385% OF FY2020 REVENUE ON FULFILING ITS HEALTH, SAFETY AND ENVIRONMENTAL GOALS. RM808,500**

## Commitment towards sustainable practices

### 1. Sustainability Approach

- SCGM consistently aims to be a sustainable plastic packaging company, and has incorporated 21 guidelines developed to target materials issues identified based on the United Nations ‘Sustainable Development Goals’.
- These guidelines are widely integrated throughout its manufacturing process.



### 2. Tackling Climate Change

- SCGM has implemented the following initiatives:
  - Consistently identify areas to reduce carbon emission
  - Improve recycling and maximise reuse of internal waste
  - Educate public on how to be responsible plastic packaging users



### 3. KPIs & Targeted Approach

- SCGM sets comprehensive ESG KPIs, diligently tracks and discloses them in its annual sustainability report.
  - For example, SCGM tracks and segregates reporting of its carbon emission by scope 1 (Diesel & Petrol) and scope 2 (purchased electricity), enabling it to accurately target areas for ESG improvements.



### 4. Financial Commitment

- SCGM is willing to incur financial costs to achieve its ESG goals.
- In FY20, the company spent 0.385% of its total revenue on fulfilling its health, safety and environment goals.



## SCGM VS Peers<sup>1</sup>

### Overall Rating



### Environment Rating



### Social Rating



### Governance Rating



**SCGM outperforms its packaging peers on ESG practices**

# ESG IN PRACTICE: CORPORATE GOVERNANCE - BOARD DIVERSITY

GRI 308-1, GRI 405-1 GRI405-2



Appointed : December 2017  
Resigned : August 2019



Appointed : August 2019  
Resigned : -

## WOMEN DIVERSITY ON BOARD – 42.8%



OUR MATERIAL MATRIX : To have every employee regardless of level trained on ABAC.



RASUAH - TIADA TOLERANSI - JANGAN MEMBERI, JANGAN MENGAMBIL, JANGAN MENAWARKAN. KAMI AKAN MELAPORKAN KE PIHAK POLIS.

ZERO TOLERANCE CORRUPTION - DO NOT GIVE, DO NOT TAKE, DO NOT OFFER. WE WILL REPORT YOU TO THE POLICE.

**零容忍贿赂 - 请勿接收，索取或提供。将报警处理！**

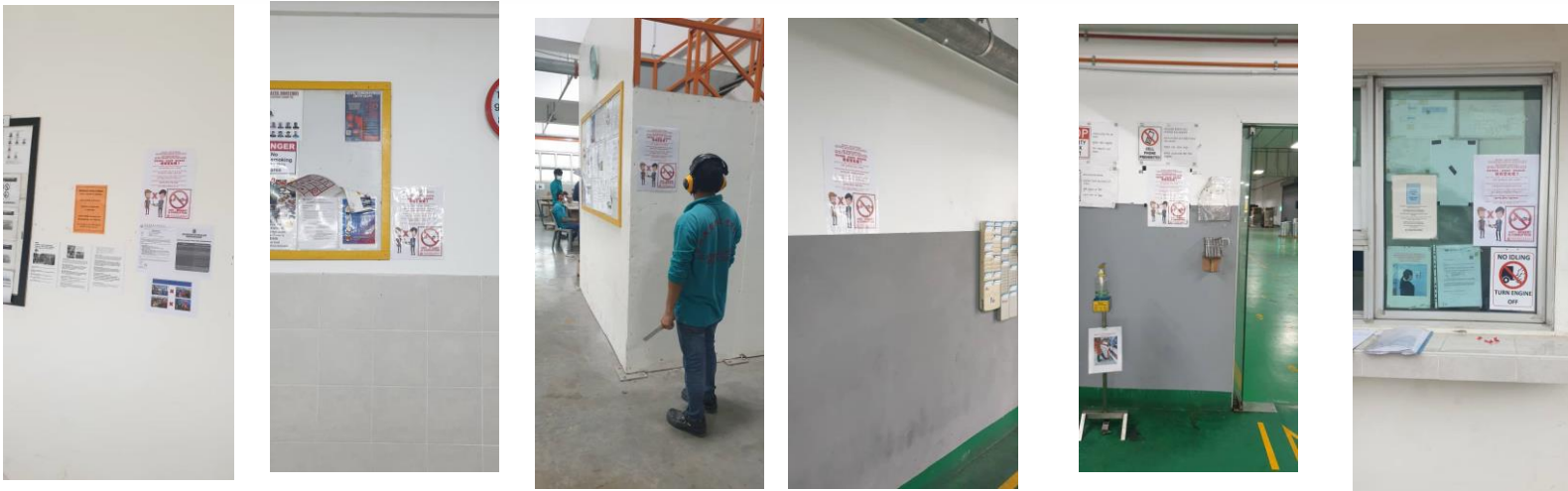
घूसखोरीका लागि शून्य सहिष्णुता - स्वीकार नगर्नुहोस्, आग्रह गर्नुहोस् वा प्रस्ताव गर्नुहोस्। हामी पुलिसलाई खबर गर्नेछौं  
*Không khoan nhượng đối với hối lộ - không chấp nhận, gạ gẫm hoặc đề nghị. Chúng tôi sẽ báo cảnh sát*  
 လာဘ်ပေးလာဘ်ယူမှုကို သုညသည်းခံခြင်း - လက်ခံခြင်း၊ လက်ခံခြင်း၊ ကမ်းလှမ်းခြင်းမပြု။ ကျနု်ပ်တို့ရဲ့ မှုအစီရင်ခံပါလိမ့်မယ်  
 ঘুষের জন্য জরিণো টেনারনেস - গ্রহণ করবনে না, অনুরোধ করবনে না বা অফার করুন। আমরা পুলিশের পিঁর্ট করব  
 रश्वितखोरी के लिए शून्य सहिष्णुता -स्वीकार नहीं, या तो प्रस्ताव या प्रस्ताव। हम पुलिस को रपिर्ट करे'गे



SCGM understands the importance of Section 17A and its implication and how it may affect SCGM's reputation.

In view of this, SCGM took initiatives by further enhancing its awareness throughout the organization and train all its employees yearly.

Each employee will require to undergo a short competency exam in language of their choice.



### SUPPLIER ESH COMPLIANCE

Supplier internal assessment was conducted last year to ensure suppliers conform with our sustainability guidelines and based on the guidelines provided, enclosed below are the results of our Supplier ESH Performance Audit.

	LIST OF FACTORIES WE PROCURE FROM	TOTAL AUDITS	RESULT A, B	RESULT C	RESULT D	RESULT E
Malaysia	13	0	13	0	0	0
Taiwan	2	0	1	1	0	0
China	4	0	1	3	0	0

**For year 2020, we did not perform physical audit on the suppliers, however we request suppliers to fill up our supplier audit checklist and based on the checklist we found that more than 90% of the suppliers met or conform with our requirements in line with our sustainability guidelines.**

	A VERY GOOD	B GOOD	C ACCEPTABLE	D INSUFFICIENT	E UNACCEPTABLE
Social management System	8%	10%	21%	59%	1%
Workers Involvement	48%	31%	15%	4%	1%
Freedom of Association	99%	1%	0%	0%	0%
No discrimination	85%	10%	5%	0%	1%
Fair remuneration	36%	50%	13%	0%	0%
Decent working hours	36%	0%	8%	55%	1%
OHS	76%	10%	1%	9%	3%
No Child Labour	98%	1%	0%	1%	1%
Special protection for young workers	95%	3%	1%	0%	1%
No precarious employment	99%	1%	0%	0%	0%
No bonded labour	100%	0%	0%	0%	0%
Protection of the environment	74%	13%	12%	1%	0%
Ethical business behaviour	80%	12%	8%	0%	0%

# ESG IN PRACTICE: LABOUR PRACTICES – HUMAN RIGHTS

## GRI 102-24, GRI 3405-2



BADMINTON COURTS FOR WORKERS TO CHILL OUT



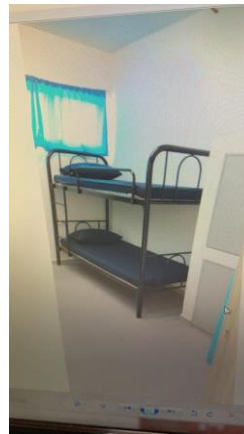
FIRE-RATED DOOR FOR STAFF SAFETY



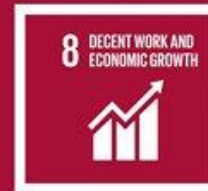
2 BLOCKS OF HOSTEL FOR STAFF  
SCGM INVESTED RM8 MILLION IN 2018/2019 TO UPGRADE ITS STAFF QUARTERS.



MODERN CAFETERIA FOR WORKERS



WORKERS ROOM WITH CONCRETE CUPBOARD



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

# Company Annual Trip To Malacca 2018



# Company Annual Trip To Malacca 2018



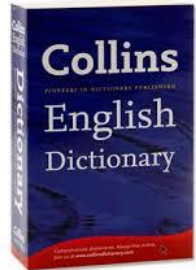
LONG-TERM SERVICE EXCELLENCE AWARDS TO ALL DOMESTIC AND FOREIGN



*WILL SCGM BHD BE THE NEXT STYROFOAM STORY ?  
ARE WE GOING TO BE ANOTHER SUNSET STORY?*

# **OBSOLESCENCE RISK ENVIRONMENT REGULATIONS**

THE COLLINS WORD OF THE YEAR 2018 IS...



# SINGLE-USE



adj (sɪŋgəlˈjuːs)

made to be used  
once only

**#CollinsWOTY**



# The whole world is on war against plastics?

Science & Environment

BBC 5 Dec'17

## Ocean plastic a 'planetary crisis' - UN

By Roger Harrabin  
BBC environment analyst, Nairobi

5 December 2017

f t m e Share



#ENVIRONMENT AUGUST 28, 2017 / 2:46 PM / 4 MONTHS AGO

Reuters, 28 Aug'17

## Kenya imposes world's toughest law against plastic bags

Katharine Houreld, John Ndiso

3 MIN READ



NAIROBI (Reuters) - Kenyans producing, selling or even using plastic bags will risk imprisonment of up to four years or fines of \$40,000 from Monday, as the world's toughest law aimed at reducing plastic pollution came into effect.

Washington Post 19 Sep'16

## France becomes the first country to Ban plastic plates and cutlery

By James McAuley September 19 at 8:55 AM



Plastic glasses, knives, forks and food boxes are being banned in France. (Bertrand Combaldieu/Associated Press)

PARIS — France has apparently become the first country in the world to ban plastic plates, cups and utensils, passing a law that will go into effect in 2020. Exceptions will be allowed for items made of compostable, biosourced materials.

Consumption and lifestyle...

## WHAT, WHO AND WHERE IS UNEA-5?

- **Who:** The United Nations Environment Assembly (UNEA) is the world's highest-level decision-making body on the environment, meeting biennially on uneven years.
- **Where:** UNEP is headquartered in Nairobi, Kenya and has six regional offices (RO) - Africa, Asia and Pacific, Europe, Latin America and the Caribbean, North America, and West Asia.

### LATEST NEWS

- Due to COVID-19 UNEA-5.1 convened virtually on 22 and 23 February 2021 to deal with budget and institutional issues. It will reconvene in-person in February 2022 to discuss key substantive issues.
- Additional high-level and side events are foreseen to be organized in advance of and during the resumed in-person session of UNEA-5 (e.g. **Ministerial Conference on Marine Litter and Plastic Pollution Sept 1 –2, 2021**).
- *Extracted from: Understanding UNEA-5 and the Global Framework on Plastics, Ryan MacFarlane*



# Should SCGM Bhd be concerned about UNEA-5?



## Marine Litter & Microplastics

- In 2017, during UNEA-3, member states agreed to establish an **Ad Hoc Open-Ended Expert Group (AHEG)** to “further examine the barriers to and options for combating marine plastic litter and microplastics from all sources”

### LATEST NEWS

- The AHEG has met four times -most recently in a virtual setting in November 2020.
- **Support for the development of a new global framework on marine litter in some form is growing.**
- It is unclear on what the new framework will include and which elements will be legally binding vs. voluntary.

UNITED  
NATIONS



United Nations  
Environment Assembly of the  
United Nations Environment Programme

United Nations Environment Assembly of the  
United Nations Environment Programme  
Third session  
Nairobi, 4-6 December 2017

EP

UNEP/EA.3/Res.7

Distr.: General  
30 January 2018

Original: English

### 3/7. Marine litter and microplastics

*The United Nations Environment Assembly,*

*Reaffirming* General Assembly resolution 70/1 of 25 September 2015, by which the General Assembly adopted the 2030 Agenda for Sustainable Development, and recalling Sustainable Development Goal 14 and its target 14.1, which seeks, by 2025, to “prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution”,

*Recalling* its resolutions 1/6, entitled “Marine plastic debris and microplastics,” and 2/11, entitled “Marine plastic litter and microplastics,” on measures to reduce marine plastic litter and microplastics,

*Acknowledging* the increased knowledge on the levels, sources, negative effects of and measures to reduce marine litter and microplastics, as summarized in the 2016 assessment report by the United Nations Environment Programme entitled *Marine plastic debris and microplastics: Global lessons and research to inspire action and guide policy change*, the First World Ocean Assessment and numerous other reports and scientific publications,

*Noting* the report entitled “Combating marine plastic litter and microplastics: An assessment of the effectiveness of relevant international, regional and subregional governance strategies and approaches” prepared by the United Nations Environment Programme pursuant to Environment Assembly resolution 2/11,

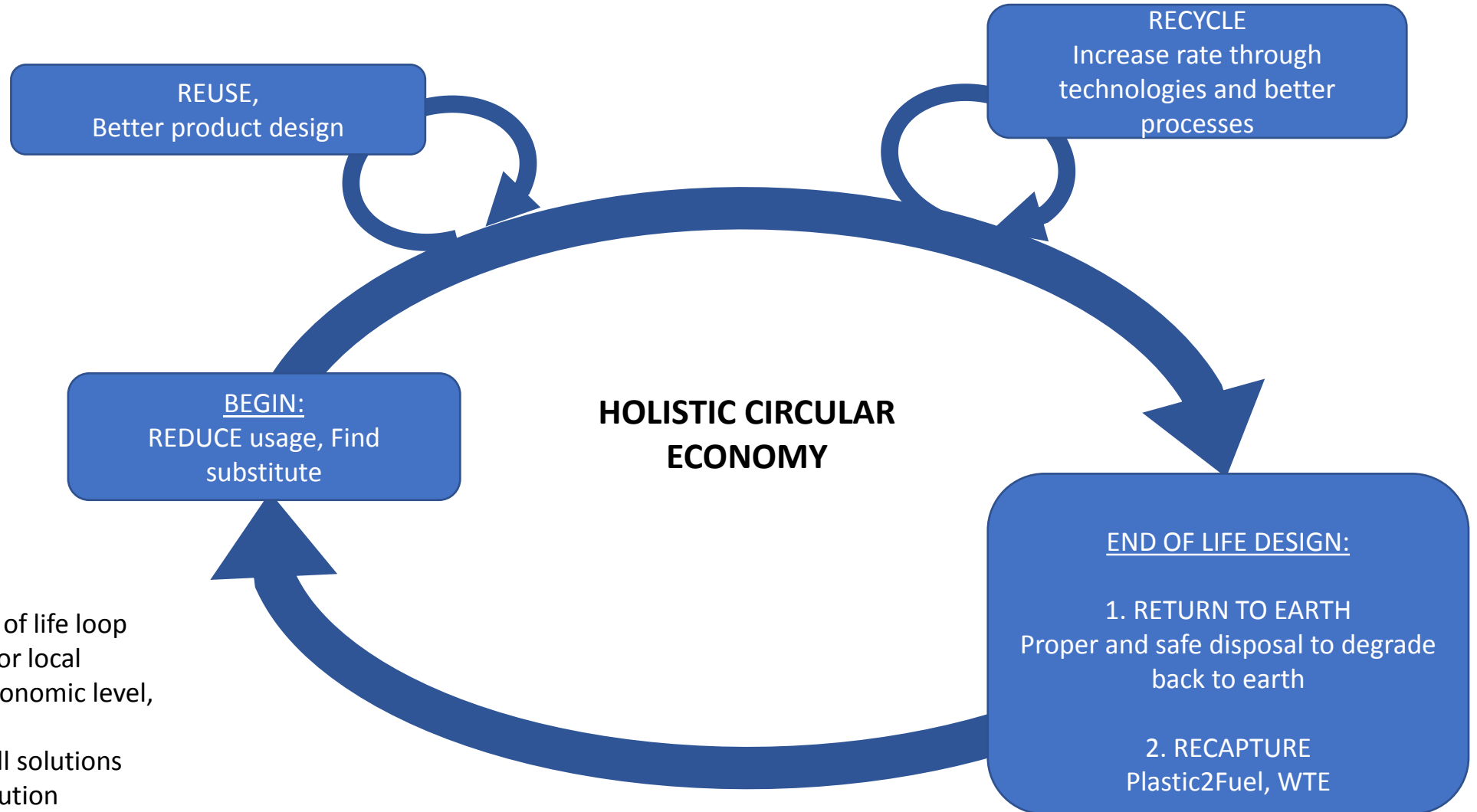
*Noting also* the commitment of member States to the “Our ocean, our future: call for action” declaration, adopted at the United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development, in June 2017, and the voluntary commitments presented there, at the Our Ocean conferences held in Washington D.C., Valparaiso, Chile, and Valletta, Malta, and at the third session of the United Nations Environment Assembly, as well as the Group of 20 Action Plan on Marine Litter adopted in 2017, on efforts to prevent and reduce marine litter and microplastics,

*Noting further* the International Coral Reef Initiative recommendation to reduce plastic microbead pollution in the marine environment, adopted in November 2016, and the call for action by the Secretariat of the Pacific Regional Environment Programme on plastic microbeads,

*Noting with concern* the high and rapidly increasing levels of marine plastic litter and the expected increase in negative effects on marine biodiversity, ecosystems, animal well-being, fisheries, maritime transport, recreation and tourism, local societies and economies, and the urgent need for strengthened knowledge of the levels and effects of microplastics and nanoplastics on marine ecosystems, seafood and human health,

# How are addressing Circular economy? Proposed: Holistic Circular Economy

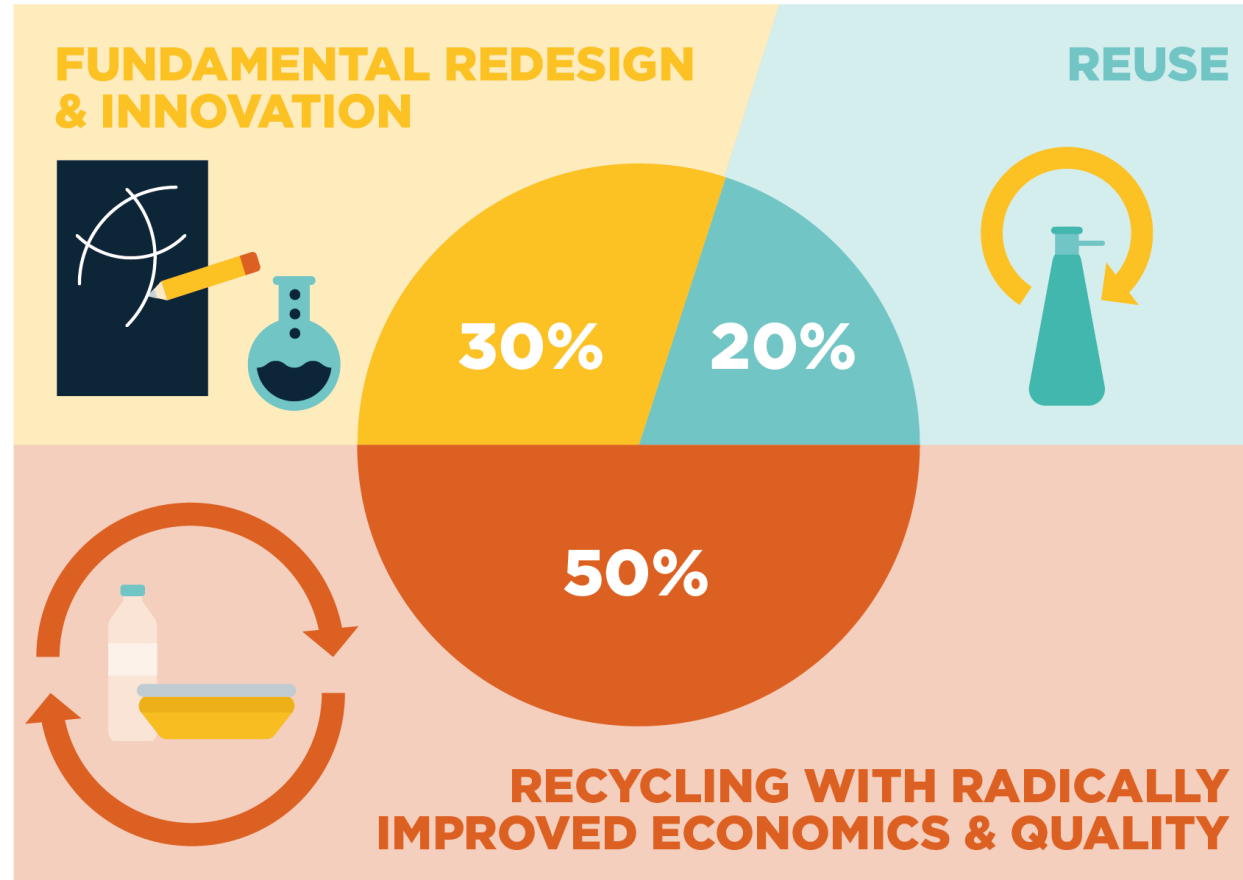
Use the product as long as possible through many circle of lives (Reuse, Recycle), then return it back to earth making a full loop/circle



## Need to be:

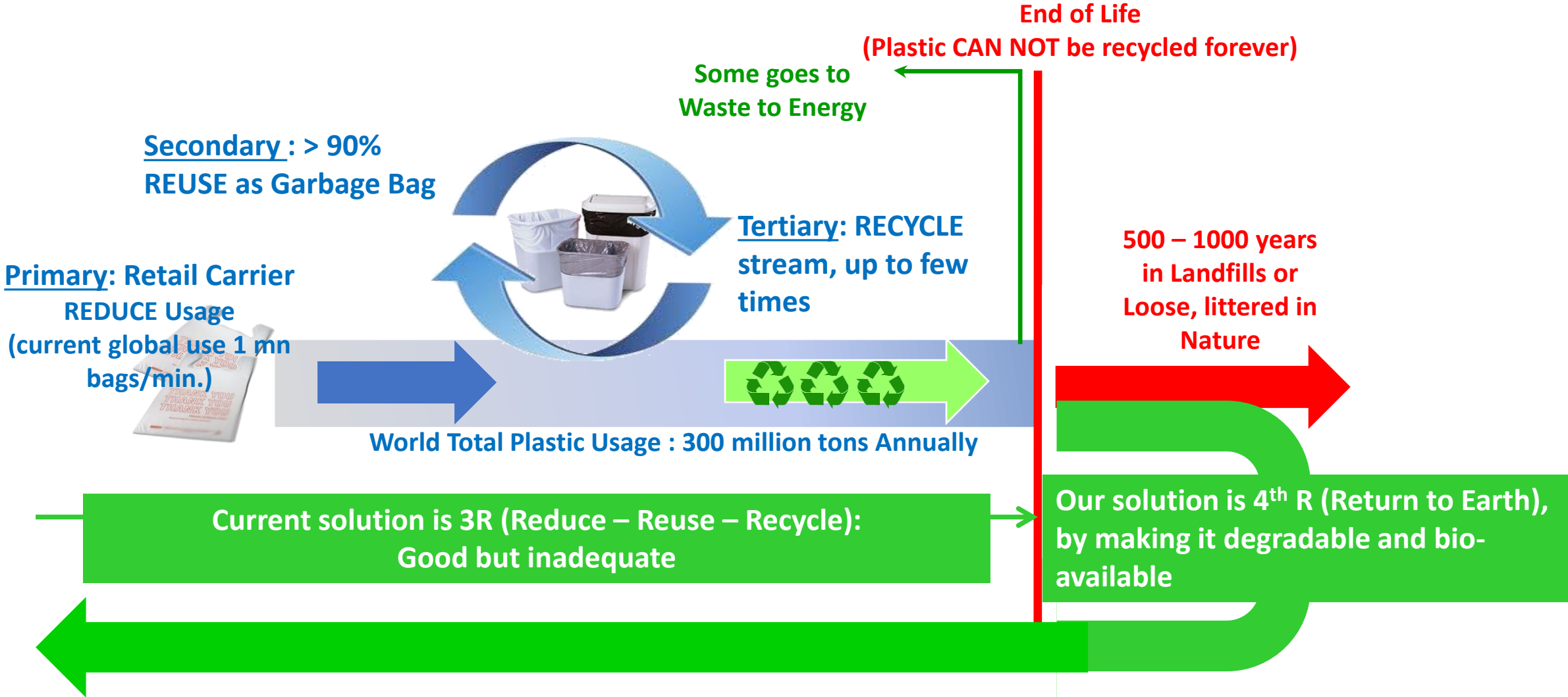
1. Holistic, consider end of life loop
2. Contextual (account for local climate, geography, economic level, cultural habit, etc.)
3. Less ego, more eco (all solutions required, no single solution adequate)

# Three Strategies which can transform plastics



# SCGM Proposed Solution on holistic circular economy-

Case study on disposable plastic bag



# The whole world is all out on war on PLASTIC

- What do we do?
- What should we do? Threat or Opportunity ?
- Do nothing – No decision is a “Decision”.
  - No voices mean we left the future of plastic to those who **know little** about plastic businesses and impact of plastics in the marketplace.
  - Society @ the **bottom half** will be **effected the most financially**.





ECOPLAS COMPOTSABLE FROM NATURE



## REGENERATE NATURAL SYSTEMS

What if we could not only protect, but actively improve the environment?

In nature, there is no concept of waste. Everything is food for something else - a leaf that falls from a tree feeds the forest. Instead of simply trying to do less harm, we should aim to do good. By returning valuable nutrients to the soil and other ecosystems, we can enhance our natural resources.

## DESIGN OUT WASTE AND POLLUTION

Did you know that waste and pollution are largely a result of the way we design things?

Waste and pollution are not accidents, but the consequences of decisions made at the design stage, where around 80% of environmental impacts are determined. By changing our mindset to view waste as a design flaw and harnessing new materials and technologies, we can ensure that waste and pollution are not created in the first place.

## KEEP PRODUCTS AND MATERIALS IN USE

What if we could build an economy that uses things, rather than uses them up?

We can't keep wasting resources. Products and materials must be kept in the economy. We can design some products and components so they can be reused, repaired, and remanufactured. But making things last forever is not the only solution. When it comes to products like food or packaging, we should be able to get the materials back so they don't end up in landfill.

SILVER SPONSOR



# BENXON®

*... when you expect more*

Pilihan Utama Saya • My First Choice

## DEGRADABLE WITHIN 5 YEARS

depending on heat and humidity



各类环保餐盒及杯子 Degradable Lunch Box & Cup

### PROGRESSIVE DEGRADATION

BENXON - PP Degradable Product with OXIMUM Additive

SEA GAMES 2017  
SCGM DEVELOPS THE  
FIRST DEGRADABLE  
PLASTIC TRAYS  
USING OXIMUM.  
A PATENTED  
TECHNOLOGY FROM  
GREENHOPE  
SUGIANTO TANDIO

# SIRIM ECO Labeling Mark (Year 2019)



No Lesen : EL000082  
Licence No :

## LESEN PENSIJILAN EKO-LABEL *Eco-Label Licence*



SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada  
*SIRIM QAS International Sdn. Bhd. hereby grants to*

LEE SOON SENG PLASTICS INDUSTRIES SDN.BHD.  
LOT 3304, BATU 24 1/2  
JALAN KULAI-AIR HITAM  
81000 KULAI  
JOHOR, MALAYSIA

Lesen untuk menggunakan Tanda Eco-Label di atas barangan  
*a licence to use the Eco-Label Mark on*

PHOTODEGRADABLE PACKAGING MATERIAL

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan  
*as complying with*  
SIRIM ECO 001 : 2016

Mohd Azanuddin bin Salleh  
Ketua Pegawai Eksekutif  
*Chief Executive Officer*  
SIRIM QAS International Sdn. Bhd.

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Tarikh Dikeluarkan : 28 May 2019  
*Issue Date*  
No Siri : 046682  
*Serial No*



No Lesen : EL000082  
Licence No :

## SCHEDULE

LEE SOON SENG PLASTICS INDUSTRIES SDN.BHD.



Trade Mark : BENXON  
Model : RIGID PACKAGING- LUNCH BOX BX-150, LUNCH BOX BX-250  
Rating : FOOD APPLICATION  
Type : PHOTO-DEGRADABLE  
Size : THICKNESS: 0.35mm MAX

Eco-Labeling Claim : PHOTO-DEGRADABLE

End of page

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# Are we sustainable?

YES

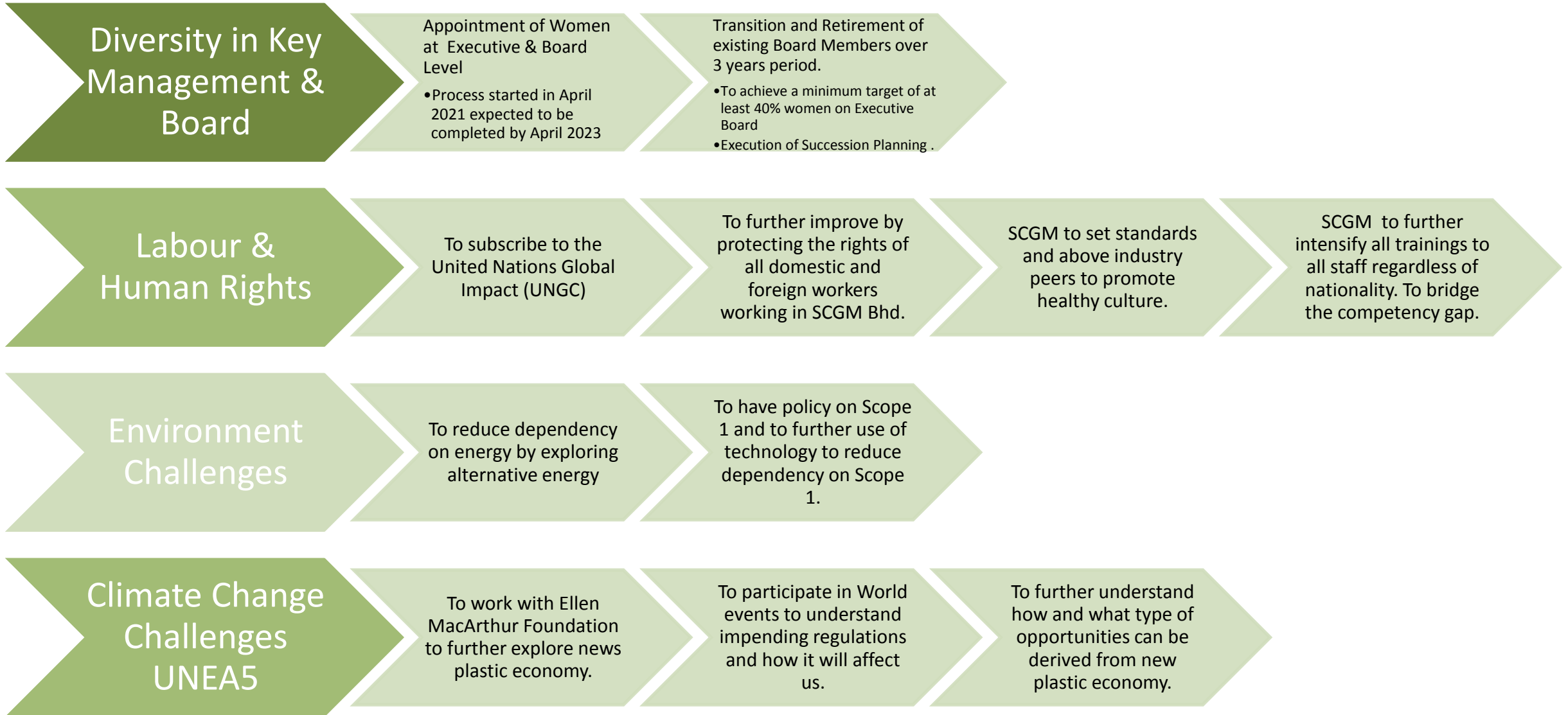


# Are we sustainable?

- SCGM is collaborating with **University of Nottingham, Semenyih** to develop several patentable solutions to address microplastics and repurpose of plastic waste in the country. Will announce in due course.
- SCGM existing infrastructure can be converted to biodegradable and compostable raw materials without heavy capex.
- SCGM will further adapt to increase use of technology in its manufacturing processes to further enhance “workskills” program by reducing labour.
- SCGM will explore use of alternative energy since energy represent 10% of our COGS.
- SCGM will explore the use of large SILO tanks to further reduce dependency on singular intake therefore to reduce energy, increase output etc.



# ESG – FORWARD THINKING HOW ARE WE ADDRESSING HUMAN RIGHTS, DIVERSITY AND ENVIRONMENT



Thank you!

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# **THE NEW PLASTICS ECONOMY**

## RETHINKING THE FUTURE OF PLASTICS