

**THIS STATEMENT 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.

If you have sold or transferred all your shares in SCIENTEX BERHAD (“Scientex” or the “Company”), please hand this Statement to the purchaser or the agent through whom the sale or transfer was effected for onward transmission to the purchaser.

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**SCIENTEX BERHAD**

Company No. 7867-P  
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT**

in relation to the

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

The Ordinary Resolution in respect of the above proposal will be tabled at the Forty-First Annual General Meeting (“AGM”) of Scientex to be held at Melati 1, 2 & 3, Grand Dorsett Subang Hotel (formerly known as Sheraton Subang Hotel & Towers), Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 16 December 2009 at 10.00 a.m. Shareholders are advised to refer to the Notice of Forty-First AGM and the Form of Proxy, which are enclosed. The Form of Proxy should be completed and lodged at the Registered Office of the Company at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time stipulated for holding the meeting or any adjournment thereof. 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 day and time for lodging the Form of Proxy : 14 December 2009 at 10.00 a.m.

Date and time of the Forty-First AGM : 16 December 2009 at 10.00 a.m.

This Statement is dated 23 November 2009



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

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

### **1 INTRODUCTION**

At the Fortieth AGM of the Company held on 17 December 2008, the Company had obtained shareholders' approval to purchase and/or hold its own shares up to ten percent (10%) of the issued and paid-up share capital of Scientex through Bursa Securities. The said approval was effective immediately upon its approval by shareholders at the last AGM of the Company and will expire at the conclusion of the forthcoming Forty-First AGM of the Company, unless renewed by shareholders.

On 28 October 2009, the Company announced to the Bursa Securities that it proposed to seek approval from its shareholders at the Forty-First AGM to be convened on 16 December 2009 to renew the existing Share Buy-Back Authority ("Proposed Share Buy-Back").

The Purpose of this Statement is to provide you with relevant information on the Proposed Share Buy-Back and to seek your approval for the Ordinary Resolution pertaining to the Proposed Share Buy-Back to be tabled as a Special Business at the forthcoming Forty-First AGM of the Company, to be convened at Melati 1, 2 & 3, Grand Dorsett Subang Jaya (formerly known as Sheraton Subang Hotel & Towers), Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 16 December 2009 at 10.00 a.m or any adjournment thereof.

### **2 DETAILS OF THE PROPOSED SHARE BUY-BACK**

The Board of Directors of Scientex ("Board") proposes to seek approval from the shareholders for a renewal of the existing authority to buy back up to a maximum of ten percent (10%) of the issued and paid-up share capital of Scientex as quoted on the Bursa Securities. As at 28 October 2009, the total issued and paid up share capital of Scientex is RM115,000,000 comprising 230,000,000 ordinary shares of RM0.50 each ("Scientex Shares" or "Shares"). The total cumulative Scientex Shares purchased by the Company and held as treasury shares to date up to and including 28 October 2009 is 14,596,262 ordinary shares of RM0.50 each.

The Proposed Share Buy-Back shall be effective immediately upon the passing of the Ordinary Resolution at the forthcoming 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; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoke or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

The Company is allowed to deal with the Scientex Shares so purchased in the following manner:-

- (a) to cancel the Shares so purchased; and/or
- (b) to retain the Shares so purchased as treasury shares, for distribution as share dividends to the shareholders and/or resell on the market of Bursa Securities and/or subsequently cancel the Shares so purchased; and/or
- (c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

An immediate announcement will be made to Bursa Securities in respect of the Shares so purchased, resale of Shares, cancellation of Shares, distribution as share dividends and the intention of the Directors to either retain the Shares so purchased as treasury shares or cancel them or a combination of both following any transactions executed pursuant to the authority granted under the Proposed Share Buy-Back.

### **3 RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The rationale for the Proposed Share Buy-Back is as follows:-

- (a) Scientex is able to utilise its financial resources that it has no immediate usage for the Proposed Share Buy-Back when the Scientex Shares are undervalued, which in turn, stabilise the supply and demand of Scientex Shares in the open market and thereby supporting its fundamental value;
- (b) General investors' confidence in the stability of Scientex Shares price is expected to be enhanced as Scientex is empowered to implement the Proposed Share Buy-Back;
- (c) The purchased Shares can also be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as the 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 earnings per share ("EPS") and return on equity of Scientex 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 Scientex and its subsidiaries ("Group") and may result in 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 profits and/or share premium account 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 Group may increase, if the purchased Shares held as treasury shares are resold at prices higher than their purchase price.

In this respect, the Proposed Share Buy-Back will be exercised only after due consideration of the financial resources of the Group, and of resultant impact on the shareholders of the Company. The Board will be mindful of the interests of Scientex 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 profits and/or the share premium account of the Company for the purpose of the Proposed Share Buy-Back. Based on the latest Audited Financial Statements of the Company for the year ended 31 July 2009, the retained profit and share premium account amounted to RM29,687,213 and RM19,232,974 respectively.

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 and 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 will have sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of the Group.

## **6 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK**

### **6.1 Share Capital**

The effect of the Proposed Share Buy-Back on the share capital of Scientex will depend on whether the purchased Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in the reduction of the issued and paid-up share capital of the Company if the purchased Shares are cancelled. The effect of the Proposed Share Buy-Back based on the issued and paid-up share capital of the Company assuming the Proposed Share Buy-Back is implemented in full and all the purchased Shares are cancelled, is illustrated below: -

	<b>No. of Scientex Shares</b>
Issued and paid-up share capital as at 28 October 2009	230,000,000
Assuming the maximum number of Shares purchased pursuant to the Proposed Share Buy-Back (including the Shares already purchased) are cancelled	<u>(23,000,000)</u>
Resultant issued and paid-up share capital upon completion of the Proposed Share Buy-Back and cancellation of purchased Shares	<u>207,000,000</u>

## **6.2 Dividends**

In respect of financial year ended 31 July 2009, a single tier first and final dividend of 10% has been recommended, subject to the approval of the shareholders of the Company at the forthcoming Forty-First AGM. Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of Scientex (excluding the purchased Shares pursuant to the Proposed Share Buy-Back).

## **6.3 Net Assets**

The effects 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 purchased Shares.

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 be increased when the purchase price is less than the net assets per share at the relevant point in time.

If the purchased Shares were held as treasury shares and subsequently resold on Bursa Securities, the Company's net assets per share would increase if the Company realise 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 being dependent on the number of purchased Shares, the purchase prices of Scientex Shares and the amount of financial resources to be utilised for the purchase of Scientex Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Shares so purchased which are retained as treasury shares, upon its resale, the working capital and cash flow of the Company will increase. 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 effect of the Proposed Share Buy-Back will increase EPS of the Group, the extent of which will depend on the number of purchased Shares, the purchase prices of Scientex 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 so 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 or interest saving arising and the gain or loss from the disposal.

## 7 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Assuming the Proposed Share Buy-Back is implemented in full and that the Scientex Shares purchased are 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 Scientex based on the Registers of Directors and Substantial Shareholders as at 28 October 2009 is as follows:

As at 28 October 2009	Before Proposed Share Buy-Back No. of Shares held				After Proposed Share Buy-Back No. of Shares held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Directors</b>								
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	76,940	0.04	200,000 <sup>a</sup>	0.09	76,940	0.04	200,000 <sup>a</sup>	0.10
Lim Teck Meng	84,100	0.04	98,903,712 <sup>b</sup>	45.92	84,100	0.04	98,903,712 <sup>b</sup>	47.78
Lim Peng Cheong	1,013,400	0.47	88,031,944 <sup>c</sup>	40.87	1,013,400	0.49	88,031,944 <sup>c</sup>	42.53
Lim Peng Jin	1,178,470	0.55	89,274,674 <sup>d</sup>	41.45	1,178,470	0.57	89,274,674 <sup>d</sup>	43.13
Wong Mook Weng @ Wong Tsap Loy	1,468,844 <sup>e</sup>	0.68	655,168 <sup>f</sup>	0.30	1,468,844 <sup>e</sup>	0.71	655,168 <sup>f</sup>	0.32
Cham Chean Fong @ Sian Chean Fong	-	-	-	-	-	-	-	-
Dato' Hazimah Binti Zainuddin	-	-	-	-	-	-	-	-
Teow Her Kok @ Chang Choo Chau	1,110,780	0.52	-	-	1,110,780	0.54	-	-
Fok Chuan Meng	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
Lim Teck Meng	84,100	0.04	98,883,252 <sup>g</sup>	45.91	84,100	0.04	98,883,252 <sup>g</sup>	47.77
Sim Swee Tin	20,460	0.01	91,684,389 <sup>h</sup>	42.56	20,460	0.01	91,684,389 <sup>h</sup>	44.29
Lim Peng Cheong	1,013,400	0.47	87,027,884 <sup>i</sup>	40.40	1,013,400	0.49	87,027,884 <sup>i</sup>	42.04
Lim Peng Jin	1,178,470	0.55	89,259,374 <sup>j</sup>	41.44	1,178,470	0.57	89,259,374 <sup>j</sup>	43.12
Scientex Holdings Sdn Berhad	36,946,054	17.15	-	-	36,946,054	17.85	-	-
Scientex Leasing Sdn Bhd	23,081,152	10.72	-	-	23,081,152	11.15	-	-
Lim Teck Meng Sdn Bhd	16,724,702	7.76	-	-	16,724,702	8.08	-	-

Notes:

<sup>a</sup> Indirect interest through Mohd Ridzal Bin Mohd Sheriff and Shareena Binti Mohd Sheriff

<sup>b</sup> Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd, Scientex Leasing Sdn Bhd and Sim Swee Tin.

<sup>c</sup> Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Paradox Corporation Sdn Bhd, Scientex Leasing Sdn Bhd and Yong Sook Lan.

<sup>d</sup> Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Progress Innovations Sdn Bhd, Scientex Leasing Sdn Bhd and Lee Chung Yau.

<sup>e</sup> Held through nominee company(ies).

<sup>f</sup> Indirect interest through Wong Kar Wai.

<sup>g</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>h</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Sim Swee Tin Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>i</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Paradox Corporation Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>j</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Progress Innovations Sdn Bhd and Scientex Leasing Sdn Bhd.

## **8 PUBLIC SHAREHOLDING SPREAD**

As at 19 October 2009, the public shareholding spread of the Company was 39.86%. Assuming the Proposed Share Buy-Back is implemented in full and all the Shares so purchased are from public shareholders, the public shareholding spread of the Company would be reduced to 37.42%.

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

## **9 PURCHASE, RESALE OR CANCELLATION OF SHARES**

During the financial year ended 31 July 2009, the Company purchase a total of 200 ordinary shares from the open market for a total consideration of RM302. Details information on the Shares purchase are set out in the Additional Compliance Information section and Directors' Report section of the Annual Report 2009.

Except for 446,266 treasury shares which had been cancelled on 24 September 2008, all the Shares purchased during the financial year ended 31 July 2009 are held as treasury shares and the total number of Shares retained as treasury shares at at 31 July 2009 was 14,596,262.

## **10 IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 1998**

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-Overs and Mergers 1998 as a result of the Proposed Share Buy-Back.

## **11 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders as a consequence of the purchased Shares, none of the Directors and/or substantial 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.

## **12 DIRECTORS' RECOMMENDATION**

The Directors having considered all aspects of the Proposed Share Buy-Back are of the opinion that it is in the best interests of the Company. Accordingly, they recommend that you vote in favour of the Ordinary Resolution for the Proposed Share Buy-Back to be tabled at the forthcoming Forty-First AGM.

## **13 DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Board and the Directors of Scientex 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.