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14 December 2016

Minority Shareholder Watchdog Group
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

BY FAX & HAND

Attn : Mr Quah Ban Aik

Dear Sir,

**RE: FORTY-EIGHTH ANNUAL GENERAL MEETING ("AGM") OF SCIENTEX BERHAD
("Company" or "the Group")**

We refer to the above and to your letter dated 6 December 2016.

We are pleased to forward hereinbelow the Board's reply in response to the queries raised in your said letter. For ease of reference, the questions raised are reproduced herein as follows:-

Strategy/Financials

- 1) During the year under review, the Group recorded a phenomenal performance driven by the Group's manufacturing and property divisions. Manufacturing revenue grew by 20.5% from RM1.3 billion in the previous year to RM1.5 billion, fuelled by export sales. Similarly, the property division performed well against the backdrop of a slowing property market by recording revenue of RM651.5 million, an increase of 26.3% compared to the previous result.

What is the Group's business prospect for the next few years and what would be the expected growth rates for both divisions?

Answer : The Group's prospects in the foreseeable future shall continue to be underpinned by its twin core businesses of manufacturing and property development, details of which is set out in pages 18 to 21 of the Chairman's Statement of the Annual Report 2016. As MSWG is fully aware and or ought to know, the Group is unable to make such growth projections or forecasts due to regulatory constraints imposed on listed companies under Chapter 9 of the Main Market Listing Requirements as such disclosure would be deemed to be a breach of the Listing Requirements which will attract penalties.

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- 2) On 29 September 2016, the Group has unveiled its first hand Asia's first state-of-the-art fully automated plant.
- a) Please share with shareholders on its unique features and how would this new plant position the Group as an integrated single source supplier?

Answer : The plant is fully automated from production to packing with built-in clean room facilities with multi-partitioned GMP pressurized compartments and web inspection cameras at appropriate monitoring points to ensure high quality, contamination free BOPP film products for the global consumer packaging segment. With the addition of BOPP film to its product portfolio, this will complement the Group as it positions itself to be an integrated single source supplier of a variety of consumer packaging products ranging from PE film, CPP film, PU adhesives and BOPP film which are all complementary products in the manufacture of food grade consumer packaging products.

- b) What is the targeted capacity utilization for the fully automated plant in the coming years?

Answer : The plant has commissioned its first line in September 2016 and has recently commissioned its second line in December 2016 to give a combined production capacity of 60,000 MT per annum. The Group targets to achieve full production capacity in 2 years' time as it ramps up its production and expand its sales globally.

3) Property Development

As mentioned in the Chairman's Statement (page 19 of the Annual Report 2016), for the property division, the Group has continued to surpass expectations and its project launches have been well received. The Group encouraged by the response shown and will continue to add and increase its land banks.

- a) Please update on the current take-up rate of the Group's projects.

Answer : The Group's projects are focused on the affordable housing segment which generally has been well received by the public as judged from the various phases of launch, with an overall take up rate of approximately 90% of its international units being sold within the first 6 months from their respective launches.

- b) How many acres of development land does the Group currently has and how long would it take the Group to sustain the development if the landbank is not further increased? At what price and condition the Group would consider any land is reasonably priced?

Answer : The Group currently has a total landbank of approximately 2,300 acres which has varying stages of on-going development projects which would keep the Group busy over the next 8 to 10 years. The Group will continue to source for reasonably priced new landbanks which land cost forms approximately 10 to 20 % of the total GDV of the proposed development.

- c) Which project will be launched in the next 12 months and how would the Group address the current low sentiment and issues faced in the property segment?

Answer : The Group has taken cognizance of the current property slowdown particularly in Johor which has mainly affected the high end luxury homes market. As for the Group, it remains focused on the affordable housing segment as demand in this market segment remains resilient. As such, and for the next 12 months, the Group will continue with its existing projects with preparations for the conduct of new launches focused on this affordable housing segment.

Corporate Governance

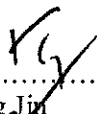
MSWG is promoting high standards of corporate governance best practices in PLCs. In this regard, MSWG hope the Board would look into the issue of independent directors who have served for more than 9 years in the Board's succession planning.

Answer : The Board is of the opinion that its current serving directors, which consists of a good mix of skills, knowledge, competency and experience, has functioned and served the Group well as can be seen in the results achieved by the Group over the past few years. The Board sees no valid reason to make unnecessary changes but will continue to ensure that any mandatory requirements in compliance with the provisions of the Main Market Listing Requirements shall be adhered to.

We trust that we have adequately replied to your queries raised therein. On behalf of the Board, we thank MSWG for raising the questions in the interest of all parties.

Yours faithfully

For and on behalf of the Board of Directors
Scientex Berhad


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Lim Peng Jin
Managing Director