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**SCIENTEX BERHAD** (7867-P)

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3 December 2018

**Minority Shareholders Watch Group**

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

BY FAX & HAND  
03-2070 9107

Attn : Mr Devanesan Evanson

Dear Sir,

**RE: FIFTIETH ANNUAL GENERAL MEETING (“AGM”) OF SCIENTEX BERHAD (“Company”  
or “the Group”)**

We refer to the above and to your letter dated 28 November 2018.

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/Financial Matters**

- 1) Manufacturing operational activities
  - a) Please provide the revenue and gross profit margin for the three product lines for FY2017 and FY2018?

Answer: The revenue and gross profit margin for FYs 2017 & 2018 are as follows:

Product lines/Financial year	FY2018	FY2017
	Revenue (RM’mil)	Revenue (RM’mil)
Stretch film	745	659
Custom film	795	636
Specialty products	365	375

The combined average gross profit margin based on the three product lines was 12.1% in FY 2017 and 11.7% in FY 2018.

- b) Which product line is expected to grow the fastest in the future and why?

Answer: The global flexible plastic packaging (“FPP”) market is about 20 times bigger than the global stretch film market. Hence our custom film segment is expected to see faster growth in the foreseeable future. One of the key drivers is the changing market trends from rigid to FPP driven by lifestyle changes and increased demand of consumer preference in adopting FPP as a result of increased disposable incomes of consumers in the fast-growing

emerging countries. Moving forward, with an estimated global FPP market size of approximately USD200 billion by year 2020 based on a research by TechNavio Insights, our custom film segment is expected to contribute 60% of the total output capacity of the Manufacturing Division by year 2028.

2) The Group's 10-year vision to achieve RM10 billion revenue by 2018 (supposed to be '2028')

- a) What is the expected revenue contribution from the Manufacturing and Property Division respectively?

Answer: The targeted revenue contribution from the Manufacturing and Property Divisions by 2028 are approximately RM8 billion and RM2 billion respectively.

- b) What are the measures taken to achieve the target?

Answer: The Manufacturing Division will continue to expand its capacity organically or inorganically through merger and/or acquisition of assets to capture the fast-growing market demand. As for the Property Division, it will continue to explore new and suitable land banks in line with our Vision 2028 to build 50,000 affordable homes.

3) The Group recorded a substantial increase in Other Income from RM6.8 million in FY2017 to RM13.4 million in FY2018, an increase of RM6.6 million or 97.1%.

- a) Please provide the details of the Other Income for both FYs 2017 and 2018.

Answer: The Other Income consists mainly of interest income, rental income and net foreign exchange gain. You may refer to note 8 of our Notes to the Financial Statements at page 104 of Annual Report 2018.

- b) What was the reason for the increase in Other Income?

Answer: The increase in Other Income for FY 2018 was mainly due to the increase in interest income and foreign exchange gain whereas there was a foreign exchange loss incurred in FY2017.

4) Please provide the Gross Development Value ("GDV") of existing and new property launches in FY2019.

Answer: For FY 2019, the total GDV for properties launched is RM215 million and the GDV for balance new launches in the financial year is approximately RM1.3 billion provided the relevant permits and approvals are in place accordingly.

5) Please provide the expected GDV of the recently acquired freehold land in the following states as disclosed on page 115 of the Annual Report:

- a) 121.20 acres in Mukim of Kulai, Johor for a cash consideration of RM127.4 million;

Answer: The estimated GDV is about RM1.3 billion.

b) 65.33 acres in Mukim of Rawang, Selangor for a cash purchase consideration of RM87.9 million;

Answer: The estimated GDV is about RM1 billion.

c) 335.57 acres in Mukim of Pulai, Johor for a cash purchase consideration of RM293.8 million;

Answer: The estimated GDV is about RM3 billion.

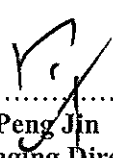
**Corporate Governance Matter**

1) We accessed the Company's website on 19 November 2018 and note that there was no publication of "Key Matters Discussed" in the Company's 49<sup>th</sup> Annual General Meeting held on 6 December 2017 as required under paragraph 9.21(2)(b) of the Main Market Listing Requirements.

Answer: The information is available for viewing at our website under the Investors Relations FAQ section (question no. 8) or you may visit [www.scientex.com.my/investor-faq/](http://www.scientex.com.my/investor-faq/).

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**

  
.....  
**Lim Peng Jin**  
**Managing Director**