

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY ("PROPOSED SHARE BUY BACK")

PART B

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

The Notice of the Thirty-Third Annual General Meeting ("AGM") of the Company to be held at Function Room 3, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Friday, 26 September 2014 at 11.00 a.m., together with the Form of Proxy are enclosed in this Circular. Shareholders are advised to refer to the Notice of the AGM and the accompanying Form of Proxy which are enclosed. The Form of Proxy must be lodged at the Registered Office of the Company at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak not later than forty-eight (48) hours before the time appointed 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.

Date and time for the AGM : Friday, 26 September 2014 at 11.00 a.m., or any adjournment thereof

Last date and time for lodging the Form of Proxy : Wednesday, 24 September 2014 at 11.00 a.m.

This Circular is dated 3 September 2014

CONTENTS

INFORMATION ON ANNUAL GENERAL MEETING

- NOTICE OF ANNUAL GENERAL MEETING
- FORM OF PROXY
- 2014 ANNUAL REPORT REQUEST FORM

CIRCULAR TO SHAREHOLDERS

- PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY
(*PART A*)
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE
(*PART B*)

Note to Shareholders:

The 2014 Annual Report is enclosed in CD-ROM format. Should a printed copy of the Annual Report be required, please fill up the attached "2014 Annual Report Request Form", and forward the same to the Share Registrar. A printed copy of the Annual Report will be forwarded to you within 4 market days from the date of receipt of your request. Shareholders who require assistance with the viewing of the CD-ROM, kindly contact Ms Parimala Devi at Tel No. : 604-3972324.

SMPC CORPORATION BHD. (79082-V)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third (33rd) Annual General Meeting of the Company will be held at Function Room 3, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Friday, 26 September 2014 at 11.00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2014, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of the Directors' fee of RM78,000. **(Resolution 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

Mohd Shahril Fitri Bin Hashim **(Resolution 2)**
Dato' Dennis Chuah **(Resolution 3)**
Maniam a/l Rajakeresnen **(Resolution 4)**
4. To consider and, if thought fit, pass a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to appoint the following person as Director of the Company to hold office until the next Annual General Meeting of the Company:

Dato' Lee Hean Guan **(Resolution 5)**
5. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business appropriate to an Annual General Meeting.
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-

Ordinary Resolution 1 - **(Resolution 7)**
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deemed fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 2 –
Proposed Renewal of Share Buy Back Authority**

(Resolution 8)

“That, subject to the Companies Act, 1965, the provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorized, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (“the Proposed Share Buy Back”) provided that:-

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits and/or the Share Premium Accounts of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. The Accumulated Losses/Retained Profits and Share Premium Account of the Company based on its audited financial statements and unaudited management accounts as at 31 March 2014 and 30 June 2014 respectively are as follows:

	<u>As at 31 March 2014</u>	<u>As at 30 June 2014</u>
Retained Profits/ (Accumulated Losses)	RM17,504,122	RM17,614,904
Share Premium	RM18,063,045	RM18,063,045

- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-
 - a) the shares so purchased may be cancelled; and/or
 - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting 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;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities.”

Ordinary Resolution 3 -

Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

(Resolution 9)

“That, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies (“Related Parties”) as specified in Section 3 of Part B of the Circular to Shareholders dated 3 September 2014, provided that such arrangements and/or transactions are:

- i) recurrent transactions of a revenue or trading nature;
- ii) necessary for the day-to-day operations;
- iii) carried out on an arm’s length basis, in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- iv) are not to the detriment of the minority shareholders.

And that the shareholders’ mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

- i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting

whichever is earlier.

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company;

And that the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)

CHAN EOI LENG (MAICSA 7030866)

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia

3 September 2014

NOTES:

1. Only members whose names appear on the Record of Depositors as at 22 September 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) Ordinary Resolution 1 - Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 1 proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting (“AGM”) until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company (“Share Mandate”). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting (“EGM”) to approve such issuance of shares should be eliminated. The Company will have to seek shareholders’ approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 25 September 2013. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

2) Ordinary Resolution 2 - Proposed Renewal of Share Buy Back Authority

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company’s 2014 Annual Report.

3) Ordinary Resolution 3 - Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company’s 2014 Annual Report.

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SMPC CORPORATION BHD. (79082-V)
(Incorporated in Malaysia)

FORM OF PROXY

I/We,.....NRIC No./Company No.....

.....of.....

.....being a member of SMPC Corporation Bhd. hereby appoint the following person(s):

	Name of proxy & NRIC No.	No. of shares	%
1.	_____	_____	_____
2.	_____	_____	_____
or failing him/her			
1.	_____	_____	_____
2.	_____	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held on 26 September 2014 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
The payment of Directors' Fee	Resolution 1		
The re-election of Directors: Mohd Shahril Fitri Bin Hashim Dato' Dennis Chuah Maniam a/l Rajakeresnen	Resolution 2		
	Resolution 3		
	Resolution 4		
The re-appointment of the following Directors in accordance with Section 129 (6) of the Companies Act, 1965 Dato' Lee Hean Guan	Resolution 5		
The appointment of Auditors and their remuneration	Resolution 6		
Special Business			
Ordinary Resolution 1 – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965	Resolution 7		
Ordinary Resolution 2 – Proposed Share Buy Back Authority	Resolution 8		
Ordinary Resolution 3 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 9		

Please indicate with (√) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

No. of shares held	
CDS A/C No.	

.....
Signature of Shareholder

NOTES

- Only members whose names appear on the Record of Depositors as at 22 September 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

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80 SEN
STAMP
(Within
Malaysia)

The Company Secretary
SMPC CORPORATION BHD.
55A Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak

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SMPC CORPORATION BHD. (79082-V)
(Incorporated in Malaysia)

REQUEST FORM

To : The Share Registrar
SMPC CORPORATION BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

Tel. No. : 03-78418000

Fax No. : 03-78418151

Please send me/us a printed copy of the 2014 Annual Report.

Name of Shareholder	
NRIC No./Passport No.	
CDS Account No.	
Correspondence Address	
Tel. No.	

Date :

Signature :

Then fold here

80 SEN
STAMP
(Within
Malaysia)

The Share Registrar
SMPC CORPORATION BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

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CIRCULAR TO SHAREHOLDERS

in relation to

PART A

**PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY
("PROPOSED SHARE BUY BACK")**

PART B

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PART TRANSACTIONS OF A REVENUE OR
TRADING NATURE
("PROPOSED SHAREHOLDERS' MANDATE")**

DEFINITIONS

In this Circular, unless otherwise stated, the following abbreviations shall have the following meanings:

- “AGM” - Annual General Meeting
- “Bursa Securities” - Bursa Malaysia Securities Berhad (635998-W)
- “Director(s)” - A director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of SMPC or any other company which is its subsidiary or holding company or a chief executive officer of SMPC, its subsidiary or holding company.
- “EPS” - Earnings per share
- “ICULS” - Zero coupon 10-year irredeemable convertible unsecured loan stock of nominal value of RM0.10 each
- “Listing Requirements” - Main Market Listing Requirements of Bursa Securities including any amendments to the Main Market Listing Requirements that may be made from time to time.
- “Major Shareholder” - Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, having an interest or interests in one or more voting shares in the Company or any other company which is its subsidiary or holding company, and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is
- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or
 - (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965.
- “NA” - Net Assets
- “Ordinary Resolution 2” - The Ordinary Resolution 2 set out in the Notice of AGM pertaining to the Proposed Share Buy Back
- “Ordinary Resolution 3” - The Ordinary Resolution 3 set out in the Notice of AGM pertaining to the Proposed Shareholders’ Mandate

DEFINITIONS (*cont'd*)

“Person(s) Connected”	<ul style="list-style-type: none">- In relation to a Director or a Major Shareholder, mean such person(s) who fall(s) under one of the following categories:<ul style="list-style-type: none">i. a family member of the Director or Major Shareholder;ii. a trustee of a trust (other than a trustee for share scheme for employees or pension scheme) under which the Director, Major Shareholder or a member of the Director’s or Major Shareholder’s family is the sole beneficiary;iii. a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;vi. a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of the Director or Major Shareholder;vii. a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal to act;viii. a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; orix. a body corporate which is a related corporation.
“Proposed Share Buy Back”	Proposed purchase by the Company of its own Shares up to ten percent (10%) of its issued and paid-up share capital
“Proposed Shareholders’ Mandate”	- Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
“Recurrent Related Party Transaction of a Revenue or Trading Nature”	- A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of SMPC or its subsidiaries
“Related Party”	- A Director, Major Shareholder or Person Connected with such Director or Major Shareholder
“Related Party Transaction”	- A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party

DEFINITIONS *(cont'd)*

- “SMPC” or “the Company” - SMPC Corporation Bhd. (79082-V)
- “SMPC Group” or “Group” - SMPC and its subsidiary companies as defined in Section 5 of the Companies Act, 1965 which are not dormant companies
- “SMPC Share(s)” or “Share(s)” - Ordinary share(s) of RM1.00 each in SMPC
- “Subsidiary(ies)” - A subsidiary company of SMPC as defined in Section 5 of the Companies Act, 1965
- “Substantial Shareholder” - A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five percent (5%) of the aggregate of the nominal amounts of all the voting shares of the Company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965
- “Treasury Shares” - SMPC Shares which have been bought back by the Company in accordance with the Companies Act, 1965 as authorised by the Articles and retained in treasury

CONTENTS

PART A : LETTER TO THE SHAREHOLDERS RELATING TO PROPOSED SHARE BUY BACK CONTAINING:

	Page
1 INTRODUCTION	1
2 DETAILS OF THE PROPOSED SHARE BUY BACK	2
3 PURCHASE PRICE	2
4 FUNDING	2
5 IMPLICATIONS OF THE CODE	2-3
6 TREATMENT OF SHARES BOUGHT BACK	3
7 PUBLIC SHAREHOLDINGS SPREAD	4
8 RATIONALE FOR THE PROPOSED SHARE BUY BACK	4
9 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY BACK	4
10 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY BACK	4-6
11 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	6
12 PURCHASES AND CANCELLATION OF SHARES AND RE-SALES OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS	7
13 SHARE PRICES	7-8
14 CONDITIONS OF THE PROPOSED SHARE BUY BACK	8
15 DIRECTORS' STATEMENT AND RECOMMENDATION	8
16 AGM	8
17 FURTHER INFORMATION	Appendix

PART B : LETTER TO THE SHAREHOLDERS RELATING TO PROPOSED SHAREHOLDERS' MANDATE CONTAINING:

	Page
1 INTRODUCTION	1
2 DETAILS	2-4
3 CLASS AND NATURE OF RECURRENT RELATED PARTY TRANSACTIONS	4
4 REVIEW PROCEDURES	5-6
5 STATEMENT BY THE AUDIT COMMITTEE	6-7
6 RATIONALE FOR AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE	7-8
7 CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATE	8
8 DIRECTORS' INTERESTS	8-9
9 DIRECTORS' STATEMENT AND RECOMMENDATION	9
10 AGM	10
11 FURTHER INFORMATION	Appendix

PART A

**PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY
("PROPOSED SHARE BUY BACK")**

SMPC

SMPC CORPORATION BHD.

(Company No.79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

55A, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh,
Perak

3 September 2014

Board of Directors:-

Sudesh a/l K.V. Sankaran (*Independent Non-Executive Director/ Chairman*)

Ooi Chieng Sim (*Executive Director/ Vice Chairman*)

Mohd Shahril Fitri Bin Hashim (*Executive Director*)

Ng Chin Nam (*Executive Director*)

Dato' Lee Hean Guan (*Non-Independent Non-Executive Director*)

Dato' Dennis Chuah (*Independent Non-Executive Director*)

Maniam a/l Rajakeresnen (*Independent Non-Executive Director*)

To: The shareholders of SMPC

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY (“PROPOSED SHARE BUY BACK”)

1. INTRODUCTION

At the Thirty-Second Annual General Meeting held on 25 September 2013, the Shareholders of the Company approved, inter-alia, the authorisation for the Company to buy back or hold its own shares up to a limit of not exceeding ten percent (10%) of the issued and paid up share capital of SMPC which as at 18 August 2014 was 54,704,859 Shares of RM1.00 each. The said authorisation shall, in accordance with the Listing Requirements of Bursa Securities, expire at the conclusion of the forthcoming AGM which will be held on 26 September 2014.

On 11 August 2014, your Directors announced the proposal to seek a renewal of the Share Buy Back Authority.

The purpose of this circular is to provide you with details of the Proposed Share Buy Back and to seek your approval for Ordinary Resolution 2 to be tabled at the forthcoming AGM.

2. **DETAILS OF THE PROPOSED SHARE BUY BACK**

Your Directors propose that the shareholders give authority for the Company to purchase such amounts of its own Shares as may be determined by the Directors from time to time through Bursa Securities so that the net amount of Shares bought back or held as Treasury Shares do not exceed ten per centum (10%) of the Company's issued and paid-up share capital at any one time subject to compliance with the provisions of the Companies Act, 1965, the Listing Requirements of Bursa Securities and/or any other relevant authorities.

The actual number of Shares to be purchased, the total amount of funds to be utilized as well as the timing of the Proposed Share Buy Back will be dependent on the market conditions, sentiments at the Bursa Securities, the availability of the retained profits, the share premium accounts as well as the financial resources available to SMPC.

The authority for the Proposed Share Buy Back shall commence upon passing of the Ordinary Resolution 2 at the AGM and shall expire at the conclusion of the next AGM of SMPC unless renewed by ordinary resolution passed at that meeting 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 that date is required by law to be held, whichever occurs first.

3. **PURCHASE PRICE**

The Company may only purchase its own Shares at a price which is not more than fifteen percent (15%) above its weighted average market price on Bursa Securities for the past five (5) market days immediately preceding the date of the purchase(s).

4. **FUNDING**

The maximum amount of funds to be allocated for the Proposed Share Buy Back will be subject to the Retained Profits and/or Share Premium Accounts of the Company. The Proposed Share Buy Back will be funded from internally generated funds.

The Proposed Share Buy Back is likely to reduce the working capital and cash flow of the Company, the quantum of which depends on the purchase price and the actual number of Shares purchased. However, it is not expected to have a material effect on the working capital and cash flow of its subsidiaries.

The Accumulated Losses / Retained Profits and Share Premium Account of the Company based on its audited financial statements and unaudited management accounts as at 31 March 2014 and 30 June 2014 respectively are as follows:

	<u>As at 31 March 2014</u>	<u>As at 30 June 2014</u>
Retained Profits/(Accumulated Losses)	RM17,504,122	RM17,614,904
Share Premium	RM18,063,045	RM18,063,045

5. **IMPLICATIONS OF THE CODE**

Under the Malaysian Code on Take-Over and Mergers, 2010 ("Code"), a director and any person acting in concert with him/her or a relevant shareholder will be required to make a mandatory general offer if his/her stake in the Company is increased to beyond thirty-three percent (33%) or if his/her existing shareholdings is between thirty-three and fifty percent (33% and 50%) and it increases by another two percent (2%) in any six (6) month period.

5. **IMPLICATIONS OF THE CODE (Cont'd)**

In the event that the Proposed Share Buy Back results in the shareholding of any of the above parties being affected, the affected person will be obliged to make a mandatory offer for the remaining SMPC Shares not held by him/her.

However, under Practice Note 9.24.1 of the Code, the affected party may apply for an exemption from making a mandatory offer arising from the circumstances mentioned above.

Based on the Company's issued and paid-up share capital and the shareholdings of the Directors and the Substantial Shareholders as at 18 August 2014, none of the Directors and Substantial shareholders of the Company (please refer Section 11) will be required to make a mandatory general offer under the above-mentioned requirements of the Code if the Proposed Share Buy Back is carried out in full.

6. **TREATMENT OF SHARES BOUGHT-BACK**

The Directors may resolve to cancel the Shares so purchased and/or retain them to be held as Treasury Shares and/or resell them. The rationale for the decision to retain and/or resell the Treasury Shares will be based on the performance of the Shares on the stock market. Should the price of the Shares reach a level which will result in a gain to the Company, a decision to sell and/or distribute the Shares as share dividends will be considered. A decision to cancel any of the Treasury Shares would be taken if circumstance requires that the share capital of the Company should be reduced.

An announcement will be made to Bursa Securities in respect of the intention of the Directors on the proposed treatment of Shares bought back and the rationale of the alternatives chosen and if available, information as to the percentage or number of Shares purchased which are to be retained and/or cancelled.

Where the Directors resolve to cancel the Shares so purchased, the Company's issued and paid-up share capital shall be diminished by the Shares so cancelled and the amount by which the Company's issued capital is diminished shall be transferred to a capital redemption reserve. We wish to highlight that the cancellation of Shares made pursuant to Section 67A of the Companies Act, 1965, shall not be deemed to be a reduction in shareholders' funds as the capital redemption reserve shall be treated as if it were part of shareholders' funds.

Where the Directors resolve to retain the Shares so purchased as Treasury Shares, the Directors may distribute the Treasury Shares as share dividends to shareholders and/or resell the Treasury Shares on Bursa Securities and/or cancel the Treasury Shares.

In the case of a re-sale of Treasury Shares, if any, the Company may only resell Treasury Shares on Bursa Securities at:

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately prior to the re-sale; or
- (b) a discounted price of not more than five percent (5%) to the weighted average market price for the shares for the five (5) market days immediately prior to the re-sale provided that:
 - (i) the re-sale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the re-sale price is not less than the cost of purchase of the shares being resold.

7. **PUBLIC SHAREHOLDING SPREAD**

As at 18 August 2014, the public shareholding spread of the Company was 72.74% based on the issued and paid-up share capital of 54,704,859 Shares which include the Treasury Shares amounting to 2,434,668 Shares. Assuming the Proposed Share Buy Back is fully implemented, the public shareholding spread of the Company would reduce to approximately 71.06%.

8. **RATIONALE FOR THE PROPOSED SHARE BUY BACK**

The Proposed Share Buy Back will enable the Company to utilize its financial resources, which are not immediately required, to purchase its Shares which may lead to stability in the performance of the Shares on the stock market.

9. **POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY BACK**

Potential advantages of the Proposed Share Buy Back are as follows:

- a) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby support its fundamental value.

The stability of the Share prices is important in order to maintain investors' confidence to facilitate the Company's future funds raising exercises via issues of equity Shares or other instruments, should there be any such exercise in future.

- b) If the Shares bought back are kept as Treasury Shares, it will give the Directors an option to re-sell the Shares so purchased at a higher price when market conditions improve and therefore make an exceptional gain for the Company. Alternatively, the Shares so purchased can be distributed as share dividends to shareholders.

Potential disadvantages of the Proposed Share Buy Back are as follows:

- a) The Proposed Share Buy Back, if executed, will however temporarily reduce the financial resources of SMPC Group and should there be any good investment opportunity arising in the future, the Company may have to re-sell the Shares for cash in the market not at an opportune time.

In any event, the Directors will be mindful of the interests of the SMPC Group and the shareholders in implementing the Proposed Share Buy Back.

10. **FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY BACK**

The effects of the Proposed Share Buy Back are as follows:

- (i) Share Capital

In the event that the Company acquires the full amount of SMPC Shares authorised under the Proposed Share Buy Back and all the SMPC Shares so acquired are cancelled, the issued and fully paid-up share capital of the Company will be as follows:

10. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY BACK (Cont'd)

	No. of Shares	RM
Issued Share Capital as at 18 August 2014 [#]	54,704,859	54,704,859.00
Less: No. of shares to be cancelled pursuant to the Proposed Share Buy Back	(5,470,485)	(5,470,485.00)
	-----	-----
Issued Share Capital upon completion of the Proposed Share Buy Back	49,234,374	49,234,374.00
	=====	=====

[#] Issued Share Capital as at 18 August 2014, which includes 2,434,668 Treasury Shares

In the event that the Shares purchased pursuant to the Proposed Share Buy Back are retained as Treasury Shares, the issued capital of the Company will not be reduced but the rights attaching to the Treasury Shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While these Shares remain as Treasury Shares, the Companies Act, 1965 prohibits the taking into account of such Shares in calculating the number or percentage of Shares in the Company for any purpose whatsoever including, without limiting the generality of this provision, the provisions of any law or requirement of the Articles of Association of the Company or Listing Requirements of Bursa Securities, substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

If the Shares so purchased pursuant to the Proposed Share Buy Back are resold in the open market, the Proposed Share Buy Back will have no effect on the Share Capital.

(ii) NA per share and EPS

The effect on the NA per Share of SMPC Group will depend on the purchase price of the Shares and the number of Shares purchased. However, the Proposed Share Buy Back, if exercised, is not expected to materially affect the NA per Share of SMPC Group for the financial year ending 31 March 2015 whether the Shares so purchased are retained as Treasury Shares or are cancelled or are resold in the open market.

The effect on the EPS of SMPC Group will depend on the purchase prices of the Shares, the opportunity cost and the number of Shares purchased. However, the Proposed Share Buy Back, if exercised, is not expected to materially affect the EPS of SMPC Group for the financial year ending 31 March 2015 whether the Shares so purchased are retained as Treasury Shares or are cancelled or are resold.

(iii) Working Capital

The working capital of SMPC Group will be reduced to the extent of the amount of funds utilized for the purchases of the Shares but is not expected to have a material adverse effect on the working capital of SMPC Group.

(iv) Cash Flow

The Proposed Share Buy Back is not expected to adversely affect the cash requirements of the Company as the cash outflow is not substantial.

(v) Dividends

The Proposed Share Buy Back is not expected to adversely affect the payment of dividends as the amount required for the Proposed Share Buy Back is not substantial and can be generated from internal funds.

10. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY BACK (Cont'd)

The amount of dividends paid will be reduced, as there will be less Shares qualifying for dividends whether the Shares so purchased are retained as Treasury Shares or are cancelled.

However, if the Shares so purchased are retained as Treasury Shares, they can be used for subsequent payment of dividends in the form of share dividends.

(vi) Convertible Securities

As at the 18 August 2014, the Company has a total of 20,338,186 Warrants and 222,492,969 ICULS which are outstanding and exercisable/convertible into new Shares.

Save for the above, the Company does not have any other convertible securities.

11. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders (as defined in the Listing Requirements of Bursa Securities) have any direct or deemed interest in the Proposed Share Buy Back and re-sale of Treasury Shares.

The table below shows the direct and deemed equity interests held by the Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders as at 18 August 2014 and their pro-forma percentage shareholdings in the Company upon completion of the Proposed Share Buy Back, assuming that the Proposed Share Buy Back was carried out in full on 18 August 2014.

	Based on Issued Capital as at 18 August 2014 of 52,270,191 Shares (after excluding 2,434,668 Treasury Shares)				Based on Pro-forma Issued Capital as at 18 August 2014 of 49,234,374 (after excluding 5,470,485 Shares being cancelled) upon completion of Proposed Share Buy Back			
	Direct	%	Deemed	%	Direct	%	Deemed	%
Directors								
Sudesh a/l K.V. Sankaran	-	-	-	-	-	-	-	-
Ooi Chieng Sim	1,435,416	2.75	10,400,000(1)	19.90	1,435,416	2.92	10,400,000(1)	21.12
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-	-	-
Ng Chin Nam	36,833	0.07	3,250(2)	0.01	36,833	0.07	3,250(2)	0.01
Dato' Lee Hean Guan	584,003	1.12	1,784,811(3)	3.41	584,003	1.19	1,784,811(3)	3.63
Dato' Dennis Chuah	-	-	-	-	-	-	-	-
Maniam a/l Rajakeresnen	-	-	-	-	-	-	-	-
Substantial Shareholders								
Ooi Chieng Sim	1,435,416	2.75	10,400,000(1)	19.90	1,435,416	2.92	10,400,000(1)	21.12
Skylitech Resources Sdn Bhd	8,125,000	15.54	-	-	8,125,000	16.50	-	-

Notes:

- 1) Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd and Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- 2) Deemed interested by virtue of his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.
- 3) Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn Bhd and Lagenda Perdana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

12. **PURCHASES AND CANCELLATION OF SHARES AND RE-SALES OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS**

In the preceding twelve (12) months from August 2013 to July 2014, SMPC has purchased a total of 3,160,700 of its own Shares which have all been retained as Treasury Shares. Details of the purchases are as follows:

<u>Date</u>	<u>No. of Shares Purchased</u>	<u>Purchase Price per Share (RM)</u>			<u>Total Consideration (RM)</u>
		<u>Lowest</u>	<u>Highest</u>	<u>Average</u>	
August 2013	-	-	-	-	-
September 2013	-	-	-	-	-
October 2013	-	-	-	-	-
01.10.2013	290,000	0.725	0.750	0.738	214,693.50
November 2013	-	-	-	-	-
18.11.2013	553,600	1.203	1.203	1.203	665,925.44
20.11.2013	401,200	1.200	1.200	1.200	483,228.76
December 2013	-	-	-	-	-
09.12.2013	600,900	1.033	1.033	1.033	623,167.04
January 2014	-	-	-	-	-
February 2014	-	-	-	-	-
20.02.2014	1,315,000	0.960	1.030	0.995	1,324,606.17
March 2014	-	-	-	-	-
April 2014	-	-	-	-	-
May 2014	-	-	-	-	-
June 2014	-	-	-	-	-
July 2014	-	-	-	-	-
	----- 3,160,700 =====				----- 3,311,620.91 =====

In the preceding twelve (12) months, the highest purchase price was RM1.203, the lowest purchase price was RM0.725 and the average purchase price was RM1.048.

There are currently 2,434,668 Shares held as Treasury Shares. There was no cancellation of Purchased Shares or re-sales of Treasury Shares in the preceding twelve (12) months. There was no purchase of Shares in the months of August 2013, September 2013, January 2014 and March 2014 to July 2014.

13. **SHARE PRICES**

The monthly highest and lowest prices of the Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:

	<u>High (RM)</u>	<u>Low (RM)</u>
2013		
August	0.790	0.715
September	0.770	0.700
October	1.160	0.720
November	1.380	1.060
December	1.040	0.930

13. SHARE PRICES (Cont'd)

	<u>High (RM)</u>	<u>Low (RM)</u>
<u>2014</u>		
January	1.000	0.865
February	1.030	0.815
March	0.985	0.890
April	0.930	0.855
May	0.855	0.800
June	0.955	0.800
July	0.830	0.820

(Source: The Star Online)

The last transacted price of SMPC Shares on 8 August 2014 being the last market day prior to the announcement made on 11 August 2014 as mentioned in Part A Section 1 of this Circular, was RM0.830.

The last transacted price of SMPC Shares on 18 August 2014 being the last practicable date prior to the printing of this circular, was RM0.905.

14. CONDITIONS OF THE PROPOSED SHARE BUY BACK

The Proposed Share Buy Back is subject to the approval of the shareholders of the Company.

15. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Directors, having considered all aspects of the Proposed Share Buy Back, are of the opinion that the Proposed Share Buy Back is in the best interests of SMPC Group. Accordingly, they recommend that you vote in favour of the Proposed Share Buy Back at the forthcoming AGM.

16. AGM

The notice of AGM that contains Ordinary Resolution 2 pertaining to the Proposed Share Buy Back had been incorporated into the Information on Annual General Meeting attached to this Circular.

17. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully
For and on behalf of the Board of Directors

Dato' Dennis Chuah
Independent Non-Executive Director

PART B

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE
OR TRADING NATURE
("PROPOSED SHAREHOLDERS' MANDATE")**

SMPC

SMPC CORPORATION BHD.

(Company No.79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

55A, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh,
Perak

3 September 2014

Board of Directors:-

Sudesh a/l K.V. Sankaran (*Independent Non-Executive Director/ Chairman*)

Ooi Chieng Sim (*Executive Director/ Vice Chairman*)

Mohd Shahril Fitri Bin Hashim (*Executive Director*)

Ng Chin Nam (*Executive Director*)

Dato' Lee Hean Guan (*Non-Independent Non-Executive Director*)

Dato' Dennis Chuah (*Independent Non-Executive Director*)

Maniam a/l Rajakeresnen (*Independent Non-Executive Director*)

To: The shareholders of SMPC

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

1. INTRODUCTION

At the Thirty-Second Annual General Meeting held on 25 September 2013, the Shareholders of the Company approved, inter alia, a Shareholders' Mandate to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature. The said mandate shall, in accordance with the Listing Requirements of Bursa Securities, expire at the conclusion of the forthcoming AGM which will be held on 26 September 2014.

On 11 August 2014, your Directors announced the Proposal to seek a Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The purpose of Part B of this Circular is to provide you with details of the Proposed Shareholders' Mandate and to seek your approval for the proposed Ordinary Resolution 3 to be tabled at our forthcoming AGM.

2. DETAILS

Under Part E, Paragraph 10.09(2) of the Listing Requirements of Bursa Securities, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to, the following:

- a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements of Bursa Securities;
- c) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders or interested Persons 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 to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions;
- d) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in Part B of this Circular by ten percent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement; and
- e) issuance of Circular to Shareholders which includes the information as may be prescribed by the Exchange.

The principal activities of the Company consist of investment holding, letting of industrial and commercial assets and management consultancy.

The principal activities of SMPC's subsidiaries are set out in the table below:

Subsidiary	Principal Activity	Effective Equity Interest (%)
SMPC Industries Sdn. Bhd.	Metal sheet and coil processing centre with main services in shearing and reshearing	100.00
SMPC Marketing Sdn. Bhd.	Trading in steel furniture	100.00
Edit Systems (M) Sdn. Bhd.	Dormant	70.00
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	Drawing, straightening and cutting of iron rods and wire related products. The company has temporarily ceased its operations	100.00
Duro Metal Industrial (M) Sdn. Bhd.	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services	100.00

2. DETAILS (Cont'd)

Subsidiary	Principal Activity	Effective Equity Interest (%)
Park Avenue Construction Sdn. Bhd.	Investment Holdings	100.00
SMPC Dexon Sdn. Bhd.	Manufacturing and trading of steel and other types of furniture and the provision of related services	100.00
Metal Perforators (Malaysia) Sdn. Bhd.	Manufacturing and marketing of perforated metals, cable support systems and screen plates	100.00
Progerex Sdn. Bhd.	Shredding, processing and trading of ferrous and non-ferrous scrap metals	100.00
Duro Marketing (M) Sdn. Bhd.	Dormant	100.00
Duro Structural Products (M) Sdn. Bhd.	Dormant	70.00
Kembang Kartika Sdn. Bhd.	Property Development. The subsidiary has not commenced operation.	50.01

It is anticipated that the companies within the Group would, in the ordinary course of business, enter into the Recurrent Related Party Transactions as mentioned and which are detailed in Part B Section 3. It is likely that such transactions will occur with some degree of frequency, which are necessary for its day-to-day operations.

The Board of Directors of SMPC is seeking shareholders' approval for the Proposed Shareholders' Mandate for the Group to enter into transactions in the normal course of business within the classes of Related Party, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and which will not be to the detriment of the minority shareholders. The Recurrent Related Party Transactions are subjected to the review procedures set out in Part B Section 4.

The Proposed Shareholders' Mandate is subject to annual renewal and will only continue to be in force until:

- a) the conclusion of the next AGM of the Company to be held in 2015, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

A disclosure of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate will be made in the annual report, including a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others based on the following information:

- a) The type of Recurrent Related Party Transactions made, and
- b) The names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with SMPC.

3. CLASS AND NATURE OF RECURRENT RELATED PARTY TRANSACTIONS

Classes of Related Parties

The Proposed Shareholders' Mandate will apply to transactions with the following Related Parties (with their respective principal activities):-

	Name of Related Party	Principal Activities	Relationship
1.	See Hup Pioneer Logistics Sdn. Bhd. ("SHPioneer")	Provision of cross-border logistics services such as forwarding, transportation and warehousing	Interested Director and Shareholder of SMPC is a major shareholder of the ultimate holding company of SHPioneer, Limsa and SHTcsb respectively.
2.	Limsa Ekuiti Sdn Bhd ("Limsa")	Investment holding	
3.	See Hup Transport Company Sdn. Bhd. ("SHTcsb")	Hiring of general cargo trailers, pole trailers and low loaders, forwarding services and hiring of cranes	

Nature of Recurrent Related Party Transactions

The Proposed Shareholders' Mandate will enable SMPC Group to undertake transactions between the period of 26 September 2014 (date of AGM) to 30 September 2015 (expected date of next AGM) as follows:-

Name of Related Party	Relationship with Company-Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	*Estimated transaction value during the validity of the Proposed Shareholders' Mandate (RM)	Actual value transacted from 25 September 2013 to latest practicable date on [6] August 2014 (RM) (A)	Estimated value as disclosed in the Circular to Shareholders dated 2 September 2013 (B)	Reasons for deviation where (A) EXCEEDS (B) by 10% or more	Frequency of transaction
SHPioneer	Dato' Lee Hean Guan (being Interested Director and Shareholder)	Rental of warehouse, at a monthly rental of RM55,000 (approximately 80,000 sq ft) to SHPioneer at No. 2521 Tingkat Perusahaan 6, Kawasan Perusahaan Perai, 13600 Seberang Perai Tengah	660,000	221,942	660,000	-	Monthly
Limsa	Dato' Lee Hean Guan (being Interested Director and Shareholder)	Rental of warehouse, at a monthly rental of RM37,500 (approximately 21,800 sq ft) from Limsa at No. 1702 MK 14, Kampung Tok Suboh, Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Selatan	500,000	300,00	360,000	-	Monthly

3. CLASS AND NATURE OF RECURRENT RELATED PARTY TRANSACTIONS (Cont'd)

Name of Related Party	Relationship with Company- Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	*Estimated transaction value during the validity of the Proposed Shareholders' Mandate (RM)	Actual value transacted from 25 September 2013 to latest practicable date on [6] August 2014 (RM) (A)	Estimated value as disclosed in the Circular to Shareholders dated 2 September 2013 (B)	Reasons for deviation where (A) EXCEEDS (B) by 10% or more	Frequency of transaction
SHTcsb	Dato' Lee Hean Guan (being Interested Director and Shareholder)	Rental of its plant and equipment for transportation of goods and services, at a monthly rental of RM42,000	504,000	203,951	504,000	-	Monthly

**The estimated value, which is derived from the value transacted during the financial year ended 31 March 2014 and prevailing market prices, of the Recurrent Related Party Transactions may differ from the actual value which will be disclosed in the annual report.*

Sums due and owing by the Related Parties pursuant to the Recurrent Related Party Transactions which exceeded the credit term as at the financial year ended 31 March 2014

There are no amounts due and owing by the related parties to SMPC Group pursuant to the Recurrent Related Party Transactions which exceeded the credit term as at the financial year ended 31 March 2014.

4. REVIEW PROCEDURES

To ensure that such Recurrent Related Party Transactions are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders, the management will ensure that the transactions with the Related Parties will only be entered into after taking into account the pricing, level of service, quality of product, market forces and other related factors on terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.

SMPC Group has in place the following procedures to supplement existing internal procedures for general transactions to ensure that the transactions with Related Parties are undertaken on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public:

- (i) A list of Related Parties has been circulated to the companies in the Group to notify that all transactions with Related Parties are required to be undertaken on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public;
- (ii) All transactions with Related Parties provided will be reviewed by one (1) senior management and the Executive Directors. Senior management consists of Group Financial Controller;
- (iii) A monthly report is generated by each Company within the Group to record all transactions with Related Parties which are entered into pursuant to the Proposed Shareholders' Mandate;

4. **REVIEW PROCEDURES (Cont'd)**

- (iv) The Board of Directors and the Audit Committee review the procedures as and when required or deemed appropriate. If a member of the Board of Directors and the Audit Committee has an interest in the transaction to be reviewed by the Board of Directors and the Audit Committee as the case may be, he/she will abstain from any decision making by the Board of Directors and the Audit Committee in respect of that transaction;
- (v) The review by management shall also include the process of determination of transaction prices and terms and conditions for the Recurrent Related Party Transaction to ensure that the transactions are based on prices which are competitive in comparison with the prevailing market prices, and on terms and conditions that are similar to the commercial terms for transaction with the public, which depend on the demand and supply of the products and services.

Wherever practical and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products/services will be used as comparison to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, then the transaction price will be reviewed and determined by the Board of Directors who has no interest in the transaction to ensure that the Recurrent Related Party Transactions are not detrimental to the Group.

- (vi) Where the Recurrent Related Party Transaction is one with a value equal to or in excess of RM1,000,000, it will be reviewed and approved by the Board of Directors of the Company who has no interest in the transaction. Where the Recurrent Related Party Transaction is one with a value below RM1,000,000, it will be reviewed and approved by the Executive Director or the Board of Directors who has no interest in the proposed transaction.

Further, where any Director or any Person Connected with them has an interest (direct or indirect) in any Recurrent Related Party Transaction, such Director (or his/her alternate, where applicable) shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

An interested Director or interested Major Shareholder will also ensure that persons connected with him abstain from voting on the resolution approving the transactions. Interested Directors will also abstain from deliberating at Directors' meetings in respect of the Recurrent Related Party Transactions in which they are interested.

5. **STATEMENT BY THE AUDIT COMMITTEE**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all Recurrent Related Party Transactions are appropriate. The Audit Committee will review and ascertain whether the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with at least once a year. If it is determined that the guidelines and/or procedures stated in Part B Section 4 in this Circular are inadequate to ensure that:

- (i) the Recurrent Related Party Transactions will be conducted at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and

5. STATEMENT BY THE AUDIT COMMITTEE (Cont'd)

(ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders,

the Company will obtain a fresh shareholders' mandate based on a new guidelines and procedures.

The Audit Committee shall also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures. The Audit Committee will also review these procedures and processes on a yearly basis.

The Audit Committee of the Company has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures for Recurrent Related Party Transactions, as well as the annual reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that Recurrent Related Party Transactions will be made at arm's length and in accordance with the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, and hence, will not be prejudicial to the shareholders or disadvantageous to the Group.

The Audit Committee is of the opinion that SMPC Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner.

6. RATIONALE FOR AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions to be entered into by the Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur at least once in three (3) years in the course of the Company's business for a duration not exceeding three (3) years. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such Recurrent Related Party Transactions. As such, the Board of Directors is seeking a shareholders' mandate pursuant to Part E, Paragraph 10.09 of the Listing Requirements of Bursa Securities for the Recurrent Related Party Transactions described in Part B Section 3 of this Circular to allow the Group to enter into such Recurrent Related Party Transactions made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and which are not prejudicial to the interests of the shareholders.

By obtaining the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

6. RATIONALE FOR AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE (Cont'd)

The Recurrent Related Party Transactions provide the SMPC Group the support for its operational and business needs and further enhance its ability to explore beneficial business opportunities within the SMPC Group and the Related Parties. The rental of premises by the Group from the Related Parties will also enables the Group to utilise certain strategic locations at competitively priced rental rates and the rental of plant and equipment from the Related Party is to ensure SMPC's scrap metal division is operated effectively and efficiently.

Some of the benefits to be derived from the Recurrent Related Party Transactions are:-

i) Rental of warehouse to SHPioneer

The rental of warehouse to the Related Party has provided continuity in terms of tenancy and timely payment which also improve the cash flow of SMPC Group. The terms are under usual commercial terms and at the prevailing market rate which are not more favourable to the Related Party than those generally available to the public.

ii) Rental of warehouse from Limsa

SMPC Group had incurred storage facilities on the existing rented warehouse and if reallocated, it would incur additional relocation costs. The rental rate is the prevailing market rate and is in the best interest to the Company and not to the detriment of the minority shareholders. If the Company is to opt for reallocation, it would experience unnecessary cost and disruption to its operations.

iii) Rental of plant and equipment from SHTcsb

The rental of plant and equipment from the Related Party is to ensure SMPC's scrap metal division is operated effectively and efficiently. It shall increase the frequency of delivery to our customer and thus reduces stock piling. The terms are under usual commercial terms and at the prevailing market rate which are not more favourable to the Related Party than those generally available to the public.

7. CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of SMPC being obtained at the forthcoming AGM.

8. DIRECTOR'S INTERESTS

According to the Register of Directors' Shareholdings as at 18 August 2014, the direct and indirect interests of the interested Director, persons connected to him and Related Parties are as follows:

<u>Director</u>	Based on Issued Capital as at 18 August 2014 of 52,270,191 Shares (after excluding 2,434,668 Treasury Shares)			
	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
Dato' Lee Hean Guan	584,003	1.12	1,784,811 ¹	3.41

8. DIRECTOR'S INTERESTS (Cont'd)

Based on Issued Capital as at 18 August 2014 of 52,270,191 Shares (after excluding 2,434,668 Treasury Shares)				
	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
<u>Persons Connected</u>				
Hean Brothers Holdings Sdn. Bhd.	43,853	0.08	-	-
Lagenda Perdana Sdn. Bhd.	870,825	1.67	-	-
Datin Chan Kooi Cheng ²	870,133	1.66	870,825 ³	1.67
<u>Related Parties</u>				
SHPioneer	-	-	-	-
Limsa	-	-	-	-
STHcsb	-	-	-	-

Notes

- 1 Deemed interested by virtue of his shareholdings in Hean Brothers Holdings Sdn. Bhd. and Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965*
- 2 Datin Chan Kooi Cheng is the spouse of Dato' Lee Hean Guan*
- 3 Deemed interested by virtue of her shareholdings in Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965*

The indirect interest shown above represent his deemed interest in SMPC held via corporations where he has more than fifteen percent (15%) shareholdings and held via his spouse's interest.

Dato' Lee Hean Guan has abstained and will continue to abstain from Board deliberations and voting in respect of the Proposed Shareholders' Mandate.

The interested Director (as disclosed above), which have any interest, direct or indirect, in SMPC, will also abstain from voting in respect of his direct and/or indirect shareholdings at the forthcoming AGM. The interested Director (as disclosed above) has undertaken that he will ensure that the Persons Connected with him abstain from voting on the resolution, deliberating or approving the proposal at the AGM in respect of their direct and indirect shareholdings.

Save as disclosed above, none of the Directors, Major Shareholders and/or Persons Connected with them have any interest, direct and indirect, in the Proposed Shareholders' Mandate.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Directors, save for the interested Director, namely Dato' Lee Hean Guan, having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interests of the shareholders and the Company. Accordingly, they, with the exception of Dato' Lee Hean Guan who has abstained from making any recommendation on the Proposed Shareholders' Mandate, recommend that you vote in favour of the Proposed Shareholders' Mandate at the forthcoming AGM.

10. AGM

The notice of AGM that contains Ordinary Resolution 3 pertaining to the Proposed Shareholders' Mandate had been incorporated into the Information on Annual General Meeting attached to this Circular.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully

For and on behalf of the Board of Directors

Dato' Dennis Chuah
Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the SMPC Group during the two (2) years immediately preceding the date of this Circular:

- i) Share Sale Agreement dated 11 December 2012, made between SMPC with Rajandran a/l Visvalingam and Lim Kean Wah to acquire 5,001 ordinary shares of RM1/- each representing 50.01% of the share capital of Kembang Kartika Sdn Bhd ("Kembang") for a total consideration of RM5,001,000.00, resulting in Kembang being a subsidiary of SMPC.

The total consideration of RM5,001,000 payable by SMPC in the following manner:-

1. 10% equivalent to the sum of RM500,100 to be paid to Lim Kean Wah and Rajandran a/l Visvalingam upon execution of the Share Sale Agreement;
2. Balance 90% equivalent to the sum of RM4,500,900 to be paid to Lim Kean Wah and Rajandran a/l Visvalingam on or before the Completion Date, i.e. within thirty days from the date of the Share Sale Agreement; and
3. The acquisition of Kembang for a total consideration of RM5,001,000 was completed on 28 December 2012.

- ii) Share Sale Agreement dated 10 February 2014, made between SMPC and Lim Kean Wah to acquire the remaining 4,999 ordinary shares of RM1/- each representing 49.99% of the share capital of Kembang for a total consideration of RM8,000,000.00, which will be resulting in Kembang being a wholly owned subsidiary of SMPC.

The total consideration of RM8,000,000 payable by SMPC in the following manner:-

1. 10% equivalent to the sum of RM800,000 to be paid to Lim Kean Wah upon execution of the Share Sale Agreement;
2. Balance 90% equivalent to the sum of RM7,200,000 to be paid to Lim Kean Wah on or before the Completion Date, i.e. within six months from the date of the Share Sale Agreement; and
3. SMPC has paid part of the consideration of RM4,800,000. Subsequently SMPC entered into a Extension of Time with Lim Kean Wah on 08 August 2014 for a further extension of six months to 10 February 2015.

2. MATERIAL CONTRACTS (Cont'd)

- iii) Sale and Purchase Agreement dated 26 March 2014 made between SMPC and Select Galva India Pvt Ltd for the disposal of the entire investment of 2,294,433 shares of Rupee ("Rs") 10 each representing 74% of the shares in SMPC Industries India Pvt Ltd ("SMPCI"), which will be resulting SMPCI ceasing to be a subsidiary of SMPC.

Upon execution of the Sale and Purchase Agreement, Select Galva India Pvt Ltd shall pay RM3,000,000 to SMPC and the sum has been collected by SMPC. Thereafter, Select Galva India Pvt Ltd shall settle the amount owing to SMPC by SMPC Industries India Private Limited of RM2,000,000 in the following manner:-

1. RM1,000,000 on or before 15 April 2014; and
2. Balance of RM1,000,000 to be settled within 12 months from 19 March 2014.

3. MATERIAL LITIGATION

Save as disclosed below, the SMPC Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors have no knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any fact likely to give rise to any proceedings which might adversely and materially affect the financial position or business of the Company and/or its subsidiaries:

- (i) **Machendran a/l Pitchai Chetty ("the plaintiff") versus the Company ("SMPC" or "1st Defendant"), SMPC Industries Sdn. Bhd. ("SISB" or "2nd Defendant"), Ooi Chieng Sim ("OCS" or "3rd Defendant") and Affin Bank Berhad ("Affin" or "4th Defendant") ("the Defendants") - Kuala Lumpur High Court Summons No. 22NCC-177-05/2014**

On 13 June 2014, the Company together with the Defendants was served with a writ of summons and statement of claim dated 22 May 2014 by the plaintiff, a former director of the Company.

The Writ of Summons arose from the plaintiff's claims on the following:

- a) the Plaintiff seeks a declaration that he be relieved of his personal guarantee of RM18,000,000 date stamped 30 May 2003 in favour of the 4th Defendant for a term loan granted to the 2nd defendant;
- b) in the alternative, the 1st and 2nd Defendants be ordered to make good and/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to the 4th Defendant;
- c) unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the 1st Defendant in August 2013 until the Plaintiff is relieved of the personal guarantee; and
- d) general damages against the Defendants with interest of 5% per annum from the date of judgement to the date of realization and costs.

3. **MATERIAL LITIGATION (Cond't)**

The Company, SISB and OCS have filed Memorandum of Appearance on 26 June 2014 and thereafter Defence was filed on 7 July 2014.

The Company, SISB and OCS have also filed an application for transfer of proceedings to Penang Court on 8 August 2014. The tentative full trial dates have been fixed on 19 and 20 November 2014 respectively.

Prior to the writ of summons and statement of claim, the Company has on 27 February 2014 announced that it proposes to undertake a Right Issue with Warrants and approval has been granted by Bursa Malaysia Securities Berhad vide its letter dated 12 August 2014. Upon approval by the shareholders at the forthcoming Extraordinary General Meeting, part of the proceeds will be utilised to settle the outstanding term loan.

(ii) **The Company and Park Avenue Construction Sdn Bhd (“the Plaintiffs”) versus Machendran a/l Ptichai Chetty (“the Defendant”)**

On 17 June 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn Bhd (“PAC”) have filed a civil suit against a former director, Machendran a/l Ptichai Chetty to recover the sum of RM279,696 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

The Company and PAC filed the Summons and Statement of Claim on 9 July 2014. However, the Court transferred the case to Butterworth Sessions Court and pending a date to be fixed.

4. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of SMPC at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, during office hours and on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM: -

- (i) Memorandum and Articles of Association of SMPC;
- (ii) Audited Financial Statements of SMPC Group for the past two (2) financial years ended 31 March 2013 and 2014;
- (iii) Unaudited quarterly results ended 30 June 2014 of SMPC;
- (iv) The material contracts referred to in Section 2 of this Appendix; and
- (v) The relevant cause paper in relation to the material litigation referred to in Section 3 of this Appendix.

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