

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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Shareholders of SMPC Corporation Bhd. (“**SMPC**” or “**Company**”) should rely on their own assessment of the merits and risks of the Proposed Rights Issue with Warrants (as defined herein).

SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 300,410,014 NEW ORDINARY SHARES OF RM1.00 EACH IN SMPC (“SMPC SHARE(S)”) (“RIGHTS SHARE(S)”) TOGETHER WITH UP TO 150,205,007 FREE NEW DETACHABLE WARRANTS (“WARRANTS C”) AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT C FOR EVERY TWO (2) EXISTING SMPC SHARES HELD AS AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, OF WHICH THE FIRST CALL OF RM0.90 WILL BE PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.10 IS TO BE CAPITALISED FROM THE COMPANY’S RESERVES, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 20,000,000 RIGHTS SHARES TOGETHER WITH 10,000,000 WARRANTS C

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



PUBLIC INVESTMENT BANK BERHAD (20027-W)

A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) of our 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 12:00 noon or immediately after the conclusion or adjournment (as the case may be) of the Thirty-Third (33rd) Annual General Meeting of our Company to be held at the same venue on the same day at 11:00 a.m., whichever is later, together with the Form of Proxy are set out in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete and lodge the Form of Proxy for the EGM at the Company’s Registered Office at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Date and time of the EGM : Friday, 26 September 2014 at 12:00 noon or immediately after the conclusion or adjournment (as the case may be) of the Thirty-Third (33rd) Annual General Meeting of our Company to be held at the same venue on the same day at 11:00 a.m., whichever is later

Last date and time for lodging the Form of Proxy : Wednesday, 24 September 2014 at 12:00 noon

DEFINITIONS

For the purpose of this Circular and the accompanying appendices, except where the context otherwise requires, or where otherwise defined herein, the following words and abbreviations shall apply throughout this Circular and shall have the following meanings:

5-day VWAMP	: Five (5)-day volume weighted average market price
Act	: Companies Act, 1965, as amended from time to time including any re-enactment thereof
Additional Warrants B	: Additional Warrants B to be issued pursuant to the adjustment in accordance with the provisions of the deed poll for Warrants B as a result of the Proposed Rights Issue with Warrants, if any
Adviser or PIVB	: Public Investment Bank Berhad (20027-W)
Announcement	: Announcement dated 27 February 2014 in relation to the Proposed Rights Issue with Warrants
Board	: Board of Directors of SMPC
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Circular	: This circular to shareholders of SMPC dated 2 September 2014 in relation to the Proposed Rights Issue with Warrants
Code	: Malaysian Code on Take-Overs and Mergers 2010
Deed Poll	: The deed poll constituting the Warrants C to be executed by SMPC pursuant to the Proposed Rights Issue with Warrants
Director(s)	: has the meaning given in Section 2(1) of the Capital Market Services Act 2007 and includes: (i) a director of SMPC or, its subsidiary; or (ii) a chief executive of SMPC or, its subsidiary
Disposal	: On 26 March 2014, the Company entered into a share purchase agreement with Select Galva India Pvt. Ltd. to dispose off the Company's 74% equity interest in SMPC Industries India Pvt. Ltd., a subsidiary of the Company, for a total cash consideration of RM3,000,000. Subsequent to the announcements dated 24 March 2014 and 26 March 2014, the Board had on 7 April 2014 announced the completion of the Disposal upon the receipt of the letter of confirmation dated 2 April 2014 from the purchaser's solicitors
EGM	: Extraordinary General Meeting
Entitled Shareholder(s)	: Shareholders of SMPC whose names appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Proposed Rights Issue with Warrants
Entitlement Date	: The date which shall be determined by the Board and announced later for the purposes of ascertaining the entitlements of shareholders pursuant to the Proposed Rights Issue with Warrants
EPS	: Earnings per share
ESOS	: Employees' share option scheme of SMPC
ESOS Option(s)	: Employees' share options under the ESOS
First Call	: Being the cash call at the price of RM0.90 per Rights Share payable in full on application in cash by the Entitled Shareholders

DEFINITIONS (Cont'd)

FYE	:	Financial year ended/ending
FPE	:	Financial period ended/ending
HLS	:	Hock Lok Siew Realty Sdn Bhd (159911-M), a shareholder of the Company as at the LPD
ICULS	:	Ten (10)-year irredeemable convertible unsecured loan stocks at 100% of the nominal value of RM0.10 each constituted by the trust deed between the Company and the trustee who acts for the benefit of the holders of the ICULS dated 28 March 2012
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	28 August 2014, being the latest practicable date prior to the despatch of this Circular
LTD	:	26 February 2014, being the last trading date prior to the Announcement
Market Day(s)	:	Any day(s) between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
Maximum Scenario	:	The scenario that assumes the Treasury Shares are resold in the open market of Bursa Securities, and all outstanding ICULS, Warrants B and Unexercised Options are fully converted and exercised, respectively, into new SMPC Shares prior to the Entitlement Date and all the Entitled Shareholders subscribe for their rights entitlements in full pursuant to the Proposed Rights Issue with Warrants
Minimum Scenario	:	The scenario that assumes the Treasury Shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date and the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis pursuant to the Undertakings
Minimum Subscription Level	:	The scenario that assumes the Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 20,000,000 Rights Shares together with 10,000,000 Warrants C
NA	:	Net assets
NCN	:	Ng Chin Nam, Director and shareholder of the Company as at the LPD
OCS	:	Ooi Chieng Sim, Director and major shareholder of the Company as at the LPD
PACs	:	Persons acting in concert with OCS in accordance with Section 216 of the Capital Markets and Services Act 2007
Proposed Rights Issue with Warrants	:	Proposed renounceable two-call rights issue of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held as at the Entitlement Date, of which the First Call will be payable in cash on application and the Second Call is to be capitalised from the Company's reserves, based on the Minimum Subscription Level
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Rights Shares	:	New SMPC Shares to be issued pursuant to the Proposed Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
Second Call	:	Being the second call at the price of RM0.10 per Rights Share, which will be capitalised from the Company's reserves

DEFINITIONS (*Cont'd*)

Skylitech	:	Skylitech Resources Sdn Bhd (230298-T), a substantial shareholder of the Company as at the LPD
SMPC or Company	:	SMPC Corporation Bhd. (79082-V)
SMPC Group or Group	:	SMPC and its subsidiaries, collectively
SMPC Shares or Shares	:	Ordinary shares of RM1.00 each in SMPC
TERP	:	Theoretical ex-rights price
Treasury Shares	:	2,434,668 SMPC Shares held by the Company as treasury shares as at the LPD
Undertakings	:	The irrevocable written undertakings by OCS and NCN to subscribe for an aggregate of 20,000,000 Rights Shares together with 10,000,000 Warrants to achieve the Minimum Subscription Level
Unexercised Options	:	Share options granted and remained unexercised under the ESOS
Warrant(s) B	:	Existing warrants of the Company constituted by the deed poll dated 28 March 2012
Warrant(s) C	:	Free new detachable warrants to be issued pursuant to the Proposed Rights Issue with Warrants

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

SECTIONS	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS	2
3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS	10
4. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS	11
5. HISTORICAL SHARE PRICES	18
6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS	19
7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	23
8. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS	24
9. DIRECTORS' STATEMENT AND RECOMMENDATIONS	25
10. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	25
11. ESTIMATED TIMEFRAME FOR COMPLETION	25
12. EGM	26
13. FURTHER INFORMATION	26
 APPENDICES	
I INDICATIVE PRINCIPAL TERMS OF THE WARRANTS C	27
II LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES	29
III PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON	37
IV FURTHER INFORMATION	49
 NOTICE OF EGM	 ENCLOSED
FORM OF PROXY	ENCLOSED

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

2 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 RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On behalf of the Board, PIVB had on 27 February 2014 announced that the Company is proposing to undertake a proposed renounceable two-call rights issue of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held on the Entitlement Date, of which the First Call will be payable in cash on application and the Second Call is to be capitalised from the Company's reserves, based on the Minimum Subscription Level.

On 12 August 2014, PIVB had, on behalf of the Board, announced that Bursa Securities has vide its letter dated 12 August 2014, approved the admission of the Warrants C to the Official List of Bursa Securities, the listing of and quotation for the Rights Shares, Warrants C, Additional Warrants B and the new SMPC Shares arising from the exercise of the Warrants C and Additional Warrants B on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RIGHTS ISSUE WITH WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF SMPC ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Proposed Rights Issue with Warrants, to be undertaken on a renounceable basis, entails the issuance of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held on the Entitlement Date, of which the First Call will be payable in cash on application and the Second Call is to be capitalised from the Company's reserves, based on the Minimum Subscription Level basis.

The issued and paid-up share capital of the Company as at the LTD, is RM54,704,859 comprising 54,704,859 SMPC Shares including 2,434,668 Treasury Shares and the outstanding convertible securities are as follows:

- (i) RM22,249,296.90 nominal value of ICULS;
- (ii) 20,338,186 Warrants B; and
- (iii) 2,874,000 Unexercised Options.

Based on the Company's issued and paid-up share capital, treasury shares and the outstanding convertible securities as at the LTD, the maximum number of 300,410,014 Rights Shares together with 150,205,007 Warrants was arrived at after taking into account the following:

- (i) SMPC's existing issued and paid-up share capital of RM54,704,859 comprising 54,704,859 SMPC Shares;
- (ii) assuming the Treasury Shares are resold in the open market of Bursa Securities prior to the Entitlement Date;
- (iii) assuming full conversion of all outstanding RM22,249,296.90 nominal value of the ICULS into 222,492,969 new SMPC Shares prior to the Entitlement Date;
- (iv) assuming full exercise of all outstanding 20,338,186 Warrants B into 20,338,186 new SMPC Shares prior to the Entitlement Date; and
- (v) assuming full exercise of all outstanding 2,874,000 Unexercised Options into 2,874,000 new SMPC Shares prior to the Entitlement Date.

The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis pursuant to the Undertakings by two (2) shareholders of the Company, namely OCS and NCN, where the Proposed Rights Issue with Warrants would entail a minimum issuance of 20,000,000 Rights Shares together with 10,000,000 Warrants C to raise RM18.00 million. Further details of the Undertakings are set out in Section 2.6 of this Circular.

Nonetheless, the actual number of the Rights Shares to be provisionally allotted to the Entitled Shareholders would depend on the issued and paid-up share capital of the Company on the Entitlement Date.

Any fractional entitlement under the Proposed Rights Issue with Warrants shall be disregarded and will be dealt with by the Board as it may deem fit and expedient in the best interest of the Company.

Entitled Shareholders can fully or partially subscribe and/or renounce all or part of their entitlements for the Rights Shares with Warrants C. However, the Rights Shares and the Warrants C cannot be renounced separately. For the avoidance of doubt:

- (i) should the Entitled Shareholders renounce all of their Rights Shares entitlements, they shall not be entitled to any of the Warrants C attached to the Rights Shares; and
- (ii) if the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants C attached to the Rights Shares in the proportion of their acceptance of the Rights Shares entitlements.

The Warrants C will be detached from the Rights Shares immediately upon issuance and will be traded separately on the Main Market of Bursa Securities. The indicative principal terms of the Warrants C are set out in **Appendix I** of this Circular.

The Rights Shares together with the Warrants C which are renounced, not validly taken up or which are not allotted for any reason whatsoever will be made available for excess applications by the other Entitled Shareholders and/or their renouncee(s)/transferee(s).

2.1 Cash call and capitalisation of reserves

The issue price of RM1.00 per Rights Share will be payable in two (2) calls comprising the First Call of RM0.90 per Rights Share to be payable in full on application in cash and the Second Call of RM0.10 per Rights Share shall be capitalised from the Company's reserves. Therefore, the subscribing shareholders of the Company will not be required to make any further cash payment after the payment for the First Call. The Proposed Rights Issue with Warrants will be implemented by capitalising up to approximately RM30.04 million from the reserves of the Company.

Based on latest audited consolidated financial statements of the Company for the FYE 31 March 2014 and the latest unaudited consolidated financial statements of the Company for the three (3)-month FPE 30 June 2014, the balances of the share premium and retained earnings accounts, at both group and company levels, are as follows:

	Audited as at 31 March 2014		Unaudited as at 30 June 2014	
	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)
Share premium	18,063	18,063	18,063	18,063
Retained profits	16,920	17,504	18,077	17,615
Total	34,983	35,567	36,140	35,678

The Board confirms that based on the Company's latest audited consolidated financial statements for the FYE 31 March 2014 and latest unaudited consolidated financial statements for the three (3)-month FPE 30 June 2014, the Company's reserves required for the capitalisation of the Second Call under the Proposed Rights Issue with Warrants are unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Listing Requirements.

Further, pursuant to Paragraph 6.30(3) of the Listing Requirements, the Board also confirms that based on the Company's latest unaudited financial statements for the three (3)-month FPE 30 June 2014 and the latest audited financial statements for the FYE 31 March 2014 as set out in the table below, the Company will have sufficient reserves in its share premium and retained profits accounts for the capitalisation of the Second Call under the Proposed Rights Issue with Warrants.

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For illustration purposes, the capitalisation for the Second Call based on the latest audited financial statement as at 31 March 2014 is set out below:

Group Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
As at 31 March 2014	18,063	16,920	34,983	18,063	16,920	34,983
Less: Assuming Treasury Shares are resold to the open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(b)	-	-	-	383	-	383
	18,063	16,920	34,983	18,301	16,920	35,221
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,301)	(11,740)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	16,920	32,183	-	4,380	4,380

Company Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
As at 31 March 2014	18,063	17,504	35,567	18,063	17,504	35,567
Less: Assuming the Treasury Shares are resold to the open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(b)	-	-	-	123	-	123
	18,063	17,504	35,567	18,041	17,504	35,545
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,041)	(12,000)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	17,504	32,767	-	4,704	4,704

For illustration purposes, the capitalisation for the Second Call based on the latest unaudited financial statement as at 30 June 2014 is set out below:

Group Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
As at 30 June 2014	18,063	18,077	36,140	18,063	18,077	36,140
Less: Assuming the Treasury Shares are resold to the open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(b)	-	-	-	383	-	383
	18,063	18,077	36,140	18,301	18,077	36,378
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,301)	(11,740)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	18,077	33,340	-	5,537	5,537

Company Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
As at 30 June 2014	18,063	17,615	35,678	18,063	17,615	35,678
Less: Assuming the Treasury Shares are resold to the open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(b)	-	-	-	123	-	123
	18,063	17,615	35,678	18,041	17,615	35,656
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,041)	(12,000)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	17,615	32,878	-	4,815	4,815

Notes:

- (a) *Assuming 2,434,668 Treasury Shares are resold to the open market of Bursa Securities prior to the Entitlement Date at the indicative price equivalent to the five (5)-day VWAMP of RM 0.9975 per SMPC Share up to and including the LTD.*
- (b) *Assuming the full exercise of the following outstanding convertible securities:*
 - (i) *full exercise of all outstanding 20,338,186 Warrants B into 20,338,186 new SMPC Shares prior to the Entitlement Date; and*
 - (ii) *full exercise of all outstanding 2,874,000 Unexercised Options as at the LTD into 2,874,000 new SMPC Shares prior to the Entitlement Date.*

The Reporting Accountants, Siew Boon Yeong & Associates, appointed by the Company had vide its letter dated 28 August 2014 confirmed that, based on Company's latest unaudited financial statement for the three (3)-month FPE 30 June 2014 and latest audited financial statement for the FYE 31 March 2014, after the adjustments as set out in the table above, the Company have sufficient reserves in its share premium and retained earnings accounts for the capitalisation of the Second Call under the Proposed Rights Issue with Warrants. The details of such confirmation is disclosed in **Appendix II** of this Circular.

2.2 Basis of arriving at the issue price of the Rights Shares and exercise price of the Warrants C

The issue price of RM1.00 per Rights Share and the exercise price of RM1.00 per Warrant C for one (1) new SMPC Share were arrived at after taking into consideration, amongst others, the following:

- (i) the minimum issue price allowable under the Act, which is not less than the par value of the SMPC Shares of RM1.00;
- (ii) five (5)-day VWAMP of RM 0.9975 per SMPC Share up to and including the LTD and the TERP of the SMPC Shares; and
- (iii) the future prospects of the Group as disclosed in Section 6.4 of this Circular.

In addition, the Warrants C will be issued for free to the Entitled Shareholders and/or their renounee(s)/transferee(s) who subscribe for the Rights Shares pursuant to the Proposed Rights Issue with Warrants. The Warrants C may be exercised by the Warrants C holders at their own discretion.

Premised on the foregoing, the Board is of the opinion that the issue price of RM1.00 per Rights Share, the first call of RM0.90 per Rights Share and the exercise price of RM1.00 per Warrant C for one (1) new SMPC Share are reasonable and in the best interest of the Company.

For illustrative purposes, the TERP of SMPC Shares is RM0.9488 each, calculated based on the five (5)-day VWAMP of the SMPC Shares up to and including the LTD of RM0.9975 per SMPC Share. Hence, the First Call of RM0.90 per Rights Share represents a discount of approximately RM0.0488 or 5.14% over the TERP of the SMPC Shares and the exercise price of RM1.00 per Warrant C represents a premium of approximately RM0.0512 or 5.40% over the TERP.

2.3 Ranking of the Rights Shares and the new SMPC Shares to be issued arising from the full exercise of the Warrants

The Rights Shares and the new SMPC Shares to be issued arising from the exercise of the Warrants C shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the Rights Shares or the new SMPC Shares to be issued arising from the full exercise of the Warrants C.

2.5 Minimum Subscription Level

The Proposed Rights Issue with Warrants will be implemented on the Minimum Subscription Level basis to raise a minimum gross proceeds of RM18.00 million. In determining the minimum amount to be raised from the Proposed Rights Issue with Warrants, the Board has taken into consideration, amongst others, the following:

- (i) the immediate working capital requirements of the Group, as outlined in Section 2.8 of this Circular;
- (ii) the current gearing position of the Group and the quantum of bank borrowings to be repaid, as outlined in Section 2.8 of this Circular; and
- (iii) the amount of funds to defray estimated expenses relating to the Proposed Rights Issue with Warrants.

2.6 Undertakings

The Board intends to raise a minimum of RM18.00 million from the Proposed Rights Issue with Warrants. In order to achieve the Minimum Subscription Level, the Board has procured the written irrevocable undertakings from the two (2) shareholders of the Company to subscribe for up to 10,000,000 Rights Shares together with up to 5,000,000 Warrants C for each of them in the following manner:

- (i) OCS:
 - (a) to subscribe for his rights entitlements of 1,435,416 Rights Shares with 717,708 Warrants C; and
 - (b) to subscribe for the requisite number of excess Rights Shares with Warrants C not subscribed by the other Entitled Shareholders of up to 8,564,584 Rights Shares with up to 4,282,292 Warrants C;
- (ii) NCN:
 - (a) to subscribe for his rights entitlements of 36,833 Rights Shares with 18,416 Warrants C; and
 - (b) to subscribe for the requisite number of excess Rights Shares with Warrants C not subscribed by the other Entitled Shareholders of up to 9,963,167 Rights Shares with up to 4,981,583 Warrants C.

Under the Minimum Scenario, the Undertakings from OCS and NCN in the manner as mentioned above are set out in the table below:

Shareholders	SMPC Shares held directly as at the LPD		Rights Shares with Warrants C entitlements				Irrevocable Undertakings ^(d)			
	No. of SMPC Shares ('000)	% ^(b)	No. of Rights Shares ('000)	% ^(c)	No. of Warrants C ('000)	% ^(c)	No. of Rights Shares ('000)	% ^(c)	No. of Warrants C ('000)	% ^(c)
OCS	1,435 ^(a)	2.75	1,435	2.75	718	2.75	10,000	19.13	5,000	19.13
NCN	37 ^(a)	0.07	37	0.07	18	0.07	10,000	19.13	5,000	19.13

Notes:

- (a) Based on the Register of Substantial Shareholders.
- (b) As a percentage of 52,270,191 SMPC Shares, excluding the Treasury Shares.
- (c) As a percentage of 52,270,191 Rights Shares and 26,135,095 Warrants C, being the maximum number to be issued, respectively, pursuant to the Proposed Rights Issue with Warrants based on the issued and paid-up share capital of SMPC, excluding the Treasury Shares, as at the LPD.
- (d) The respective Undertakings by OCS and NCN include their respective rights entitlements of the Rights Shares with Warrants C.

OCS and NCN have confirmed via the Undertakings that they have sufficient financial resources to subscribe in full pursuant to the Undertakings under the Proposed Rights Issue with Warrants and PIVB has verified that OCS and NCN have the financial resources to fulfill their commitments. In view of the Undertakings, there will not be any underwriting arrangement required for the Proposed Rights Issue with Warrants.

In the event the shareholders providing the Undertakings fail to fulfill their obligations as stipulated in the Undertakings and the Minimum Subscription Level is not achieved, the Company will not proceed with the implementation of the Proposed Rights Issue with Warrants. Pursuant thereto, the working capital requirements and bank borrowings of the Group will be funded via the internally generated funds from the existing business operations of the Group.

As at the LPD, the Company does not have any other alternative fund raising plan in the event the Minimum Subscription Level is not achieved.

2.7 Implication of the Code

As at the LPD, OCS holds direct 2.75% voting shares (excluding the Treasury Shares) in SMPC and together with his indirect interest in the Company, by virtue of his interest in Skylitech and HLS, collectively hold 22.64% of the voting shares in the Company.

Premised on OCS's Undertaking as set out in Section 2.6 of this Circular, the conversion of the ICULS and the exercise of the Warrants B and/or the Warrants C by OCS, Skylitech and HLS, respectively, may result in their collective shareholdings in the Company to exceed 33% of the voting shares in the Company at any point of time. OCS is a shareholder of Skylitech and HLS and, as such, the conversion of the ICULS and the exercise of the Warrants B and/or Warrants C will result in OCS's shareholdings (both direct and indirect) to exceed 33% of the voting shares in the Company. Pursuant to the Code, OCS and his PACs (if any) would be obliged to extend a mandatory take-over offer for all the remaining SMPC Shares and convertible securities not already owned by them.

However, the actual shareholding of OCS and his PACs in SMPC would depend on amongst others, the timing and actual holdings of their ICULS, Warrants B and Warrants C converted into new SMPC Shares (on the assumption that they do not dispose any of its existing or acquire any new SMPC Shares, ICULS, Warrants B and/or Warrants C).

In relation to the above, OCS and his PACs may make an application to the SC to seek an exemption for OCS and his PACs (if any) under Paragraph 16.1 of Practice Note ("PN") 9 of the Code from the obligation to extend a mandatory take-over offer for all the remaining SMPC Shares and convertible securities not already owned by them upon the conversion of the ICULS and the exercise of the Warrants B and/or the Warrants C.

The application will be made at a later date but prior to triggering the mandatory take-over offer obligation. OCS has been advised by PIVB and is aware that the SC may consider granting an exemption to OCS and his PACs (if any) when the conditions under Paragraph 16.3 of PN 9 of the Code have been satisfied, for amongst others include the following:

- (i) there is no disqualifying transaction ^;
- (ii) approval has been obtained from independent holders of voting shares or voting rights of the offeree at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the mandatory offer from the offeror and PACs; and
- (iii) the names of the parties that have abstained from voting at the general meeting have been submitted to the SC.

Note:

^ "disqualifying transaction" shall have the meaning given in Paragraph 16.4 of PN 9 of the Code

Subject to satisfying the conditions aforementioned, the SC may consider granting an exemption to OCS and its PACs (if any) with or without conditions.

2.8 Proposed utilisation of the proceeds

For illustrative purposes, based on the renounceable rights issue of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share and the First Call of RM0.90, the Proposed Rights Issue with Warrants is expected to raise gross proceeds of up to approximately RM270.37 million (excluding proceeds from any exercise of the Warrants C in the future, if any).

The proceeds are expected to be utilised by the Group in the following manner:

Details of proposed utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Estimated timeframe for utilisation of proceeds from date of receipt
Repayment of bank borrowings ^(a)	12,000	12,000	Within twelve (12) months
Investment in new business ^(b)	-	218,548	Within twelve (12) months to sixty (60) months
Working capital ^(c)	5,200	39,021	Within twelve (12) months
Estimated expenses relating to the Proposed Rights Issue with Warrants ^(d)	800	800	Within three (3) months
Total	18,000	270,369	

Notes:

(a) *The Group intends to utilise part of the proceeds to be raised from the Proposed Rights Issue with Warrants of approximately RM12.00 million to pare down part of its existing bank borrowings (including interest payable). The estimated annual interest savings arising from the repayment of the Group's bank borrowings, based on the average interest rate of approximately 8.85% per annum, is approximately RM1,062,000 per annum. As at the LPD, the total outstanding bank borrowings of the Group are approximately RM24.82 million, which would be reduced to approximately RM12.82 million upon the completion of the Proposed Rights Issue with Warrants and the repayment of bank borrowings of RM12.00 million.*

(b) *Under the Maximum Scenario, the gross proceeds of up to RM218.55 million to be raised is based on the assumption that the ICULS and the Warrants B are fully converted/exercised respectively prior to the Entitlement Date. However, the Board is of the opinion that it may not be likely that these existing convertible securities (i.e. ICULS and Warrants B) will be fully converted/exercised prior to the Entitlement Date.*

As at the LPD, the Board has yet to identify any suitable and viable new investment opportunities. Announcements will be made when such investments have been identified by the Board. If the nature of the transaction requires shareholders' approval pursuant to Chapter 10 of the Listing Requirements, the Board will seek the necessary approval from the shareholders. In the event the Group fails to identify any suitable acquisition opportunities within twelve (12) months from the date of completion of the Proposed Rights Issue with Warrants, the proceeds would be utilised for the Group's working capital. Subsequently, subject to the approval of shareholders of the Company, the Board may consider to refund part of the proceeds to the shareholders.

The Board will give priority to new investment opportunities which are in the same or complementary to the Group's existing business. Nevertheless, any new business, which is not in the same or complementary to the Group's existing business may be considered on their own investment merits.

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- (c) *The working capital includes the operational expenses to be incurred by the Group within the ordinary course of business. The proposed utilisation of the proceeds allocated for such operational expenses would be adequate as any shortfall between the actual operational expenses incurred and the proceeds allocated for the operational expenses would be funded via the Group's internally generated funds and/or bank borrowings. The estimated breakdown of the proposed utilisation of proceeds is as below:*

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Purchase of raw materials [^]	3,500	30,000
Other operating expenses [#]	1,700	9,021
Total	5,200	39,021

[^] *Purchase of raw materials involving the purchases of amongst others, the colour coated coil, zincalume coil, mild steel, galvanised coil and cold rolled coil for the manufacturing of the roofing, cable tray and steel furniture.*

[#] *Other operating expenses comprise of the Group's day-to-day operation expenses to support our existing business operation which shall include, but not limited to the payment of salaries to staff (including contribution to Employees' Provident Fund, SOCSO and other statutory payments), administrative and marketing expenses, selling and distribution, rental expenses, statutory professional fees such as audit fees and tax fees, utilities and office expenses. The exact breakdown of the proceeds in respect of the other operating expenses requirements has not been determined by the Company.*

- (d) *The estimated expenses of approximately RM800,000 consist of estimated professional fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of the expenses incurred for the Proposed Rights Issue with Warrants will be adjusted accordingly from or to the working capital, as the case may be.*

For illustrative purposes, the maximum quantum of proceeds to be received by the Company pursuant to the full exercise of up to 150,205,007 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants is up to approximately RM150.21 million.

However, the actual quantum of proceeds to be received by the Company is dependent upon the actual number of Warrants C exercised during the exercise period of the Warrants C. Nevertheless, the Group intends to use such proceeds received by the Company, if any, for working capital and business expansion purposes, the details of which has yet to be determined as at the LPD.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The rationale and justification for the Proposed Rights Issue with Warrants are as follows:

- (i) to raise funds for the Group's working capital requirements and investment in new business, if any, without incurring interest cost as compared to other means of financing, such as bank borrowings;
- (ii) to strengthen its eventual capital base upon issuance of the Rights Shares and the exercise of the Warrants C (if any);
- (iii) to raise funds to partially repay the Group's bank borrowings which may result in interest savings of up to approximately RM1,062,000 per annum based on the Group's borrowings at an average interest rate of 8.85% per annum;
- (iv) to further reduce the gearing of the Group as the current cash flows of the Group are tied up for the operating activities of the Group after the completion of the restructuring scheme on 16 May 2012. The proforma gearing of the Group after the Proposed Rights Issue with Warrants is set out in Section 4.2 of this Circular;
- (v) the issuance of the new SMPC Shares would not dilute the percentage of shareholding of the existing shareholders of SMPC, assuming that all the Entitled Shareholders fully subscribe for their respective entitlements; and

- (vi) to provide the Entitled Shareholders with an option to further participate in the equity of SMPC at a predetermined exercise price during the exercise period of the Warrants C. Proceeds from the exercise of the Warrants C, if any, will provide an additional source of funds to be used for future working capital and business expansion of the Group.

4. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

For illustration purposes, the following sets out the proforma effects of the Proposed Rights Issue with Warrants on the share capital of the Company, NA, gearing, earnings, EPS of the Group and the substantial shareholders' shareholdings of the Company based on the Minimum Scenario and Maximum Scenario:

4.1 Share capital

The proforma effects of the Proposed Rights Issue with Warrants on the issued and paid-up share capital of SMPC are as follows:

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		No. of SMPC Shares ('000)	Share capital (RM'000)	No. of SMPC Shares ('000)	Share capital (RM'000)
Authorised share capital	1.00	800,000	800,000	800,000	800,000
Issued and paid-up share capital					
As at the LPD ^(a)	1.00	52,270	52,270	52,270	52,270
Assuming the Treasury Shares are resold in the open market	1.00	-	-	2,435	2,435
To be issued pursuant to the full conversion of the ICULS	1.00	-	-	222,493 ^(b)	222,493
To be issued pursuant to the full exercise of the Warrants B	1.00	-	-	20,338	20,338
To be issued pursuant to the full exercise of the Unexercised Options ^(c)	1.00	-	-	2,874	2,874
	1.00	52,270	52,270	300,410	300,410
To be issued pursuant to the Proposed Rights Issue with Warrants	1.00	20,000	20,000	300,410	300,410
	1.00	72,270	72,270	600,820	600,820
To be issued pursuant to the full exercise of the Warrants C	1.00	10,000	10,000	150,205	150,205
Enlarged issued and paid-up share capital	1.00	82,270	82,270	751,025	751,025

Notes:

- (a) Excluding the Treasury Shares of 2,434,668 SMPC Shares.
- (b) Assuming all outstanding ICULS are converted by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC Share.
- (c) For illustration purposes, assuming all outstanding 2,874,000 Unexercised Options as at the LTD are fully exercised prior to the Entitlement Date.

4.2

NA and gearing

The proforma effects of the Proposed Rights Issue with Warrants on the NA and gearing of the Group, based on the audited consolidated financial statements of the Company as at 31 March 2014 are as follows:

Minimum Scenario

	Audited as at 31 March 2014 (RM'000)	(I) After the Proposed Rights Issue with Warrants (RM'000)	(II) After (I) and full exercise of the Warrants C (RM'000)
Share capital	54,705	74,705	84,705
Share premium	18,063	15,263 ^{(b)(c)}	15,263
Treasury shares	(2,573)	(2,573)	(2,573)
ICULS reserve	22,249	22,249	22,249
Warrants reserves	3,186	5,986 ^(d)	3,186
Discount on shares	(3,105)	(5,905) ^(d)	(3,105)
Share options reserve	302	302	302
Fair value reserve	579	579	579
Retained profits	16,920	16,920	16,920
Equity attributable to shareholders of the Company	110,326	127,526	137,526

No. of SMPC Shares in issue ('000) ^(a)

52,270 72,270 82,270

NA per SMPC Share (RM)

2.11 1.76 1.67

Total borrowings (RM'000)

25,706 13,706^(e) 13,706

Gearing (times)

0.23 0.11 0.10

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Notes:

- (a) *Excluding the Treasury Shares of 2,434,668 SMPC Shares.*
- (b) *After capitalisation for the Second Call of approximately RM2.00 million against the share premium account.*
- (c) *After deducting estimated expenses for the Proposed Rights Issue with Warrants against the share premium account of approximately RM800,000.*
- (d) *For illustration purposes, the Warrants C are assumed to have an adjusted fair value of RM0.28 each after taking into account the indicative fair value of the Warrants C derived based on the Black-Scholes Option Pricing Model.*
- (e) *Assuming the partial proceeds of RM12.00 million to be raised from the Proposed Rights Issue with Warrants will be used to repay bank borrowings.*

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Maximum Scenario

	Audited as at 31 March 2014 (RM'000)	(I) Assuming the full conversion/exercise of the existing convertible securities (RM'000)	(II) After (I) and the Proposed Rights Issue with Warrants (RM'000)	(III) After (II) and full exercise of the Warrants C (RM'000)
Share capital	54,705	300,410 ^(b)	600,820	751,025
Share premium	18,063	18,301 ^(b)	- ^(c)	-
Treasury shares	(2,573)	- ^(b)	-	-
ICULS reserve	22,249	- ^(b)	-	-
Warrants reserves	3,186	- ^(b)	42,057 ^(d)	-
Discount on shares	(3,105)	- ^(b)	(42,057) ^(d)	-
Share option reserve	302	- ^(b)	-	-
Fair value reserve	579	579	579	579
Retained profits	16,920	16,920	4,380 ^{(e)(f)}	4,380
Equity attributable to shareholders of the Company	110,326	336,210	605,779	755,984

No. of SMPC Shares in issue ('000)	52,270 ^(g)	300,410	600,820	751,025
NA per SMPC Share (RM)	2.11	1.12	1.01	1.01
Total borrowings (RM'000)	25,706	25,706	13,706 ^Ø	13,706
Gearing (times)	0.23	0.08	0.02	0.02

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Notes:

- (a) *Excluding the Treasury Shares of 2,434,668 SMPC Shares.*
- (b) *For illustration purposes, assuming 2,434,668 Treasury Shares are resold to the open market of Bursa Securities, the full conversion of the ICULS by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC Share, the full exercise of the Warrants B and the full exercise of the Unexercised Options (based on 2,874,000 Unexercised Options as at the LTD) into SMPC Shares prior to the Entitlement Date. The Treasury Shares are resold at the indicative price equivalent to the five (5)-day VWAMP of RM 0.9975 per SMPC Share up to and including the LTD.*
- (c) *After capitalisation for the Second Call of approximately RM30.04 million against the share premium account and retained profits account.*
- (d) *For illustration purposes, the Warrants C are assumed to have an adjusted fair value of RM0.28 each after taking into account the indicative fair value of the Warrants C derived based on the Black-Scholes Option Pricing Model.*
- (e) *After deducting estimated expenses for the Proposed Rights Issue with Warrants against the retained profits account of approximately RM800,000.*
- (f) *Assuming the partial proceeds of RM12.00 million to be raised from the Proposed Rights Issue with Warrants will be used to repay bank borrowings.*

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4.4 Earnings and EPS

The Proposed Rights Issue with Warrants is expected to be completed by second (2nd) half of 2014 and is not expected to have any immediate material effect on the consolidated earnings of the Group for the FYE 31 March 2015.

Barring any unforeseen circumstances, the Board expects that the Proposed Rights Issue with Warrants will contribute positively to the future earnings of the Group for the ensuing financial years when the benefits of the utilisation of proceeds are realised.

On a standalone basis, upon the completion of the Proposed Rights Issue with Warrants, the EPS of the Group may be diluted as a result of the increase in the number of SMPC Shares pursuant to the Proposed Rights Issue with Warrants and, the exercise of the Warrants C into new SMPC Shares. However, the actual extent of dilution to the EPS of the Group is dependent on, amongst others, the level of return generated from the utilisation of proceeds to be raised, the actual number of Warrants C exercised and the future earnings of the Group.

4.5 Convertible securities

As at the LPD, the Company has outstanding RM22,249,296.90 nominal value of the ICULS, 20,338,186 Warrants B and 2,392,500 Unexercised Options.

In accordance with the provisions in the trust deed governing the ICULS, the Proposed Rights Issue with Warrants will not result in adjustments to conversion price of the ICULS as the conversion price of the ICULS is at RM1.00, being the par value of the SMPC Shares.

Adjustment to the number of the Warrants and the Unexercised Options arising from the Proposed Rights Issue with Warrants will be determined based on the deed poll and the by-laws, respectively. However, no adjustment will be made to the exercise price of the Warrants and the subscription price of the Unexercised Options as the exercise price of the Warrants and the subscription price of the Unexercised Options are at RM1.00, respectively, being the par value of the SMPC Shares. The notice on the adjustment to the number of the Warrants and the Unexercised Options will be issued to the holders accordingly.

Save for the ICULS, the Warrants B and the Unexercised Options, the Company does not have any other convertible securities.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the SMPC Shares as traded on Bursa Securities for the past twelve (12) months from August 2013 to July 2014 are set out in the table below:

Months	High (RM)	Low (RM)
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
2014		
January	1.000	0.865
February	1.030	0.815
March	0.985	0.890
April	0.930	0.850
May	0.855	0.800
June	0.955	0.800
July	0.855	0.810
The last transacted price on 26 February 2014 (being the last Market Day prior to the Announcement)	0.910	
The last transacted price on 28 August 2014 (being the LPD)	0.850	

(Source: Bloomberg)

6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by of 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of 2014, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013.

(Source: Economic Report 2013/2014, Ministry of Finance, Malaysia)

6.2 Overview and outlook of the Malaysian steel sector

Exports of iron, steel and metal products continued to grow 11.4% (January - August 2012: 1.1%) primarily supported by stronger export demand of non-ferrous metal (52.9%) and manufactures of metal (6.5%) from China and Singapore. In contrast, iron and steel as well as non-metallic mineral products declined sharply by 24.6% and 9.4%, respectively due to lower shipments to Singapore, Indonesia and the Republic of Korea (ROK).

Lower import prices also affected imports of fuel and lubricants which contracted 9.9%. However, imports of industrial supplied surged 7% driven by higher demand in domestic-oriented industries, such as chemical, iron, steel and other metals as well as construction-related industries.

(Source: Economic Report 2013/2014, Ministry of Finance, Malaysia)

6.3 Overview and outlook of the Malaysian construction and manufacturing sectors

Products from the steel industry play a key role in supporting the construction and manufacturing sectors and hence, any future growth in the steel industry will be closely linked to the growth cycles of the aforesaid sectors.

In view of the above, the following discussion of the prospects of the construction and manufacturing sectors are not intended to be exhaustive but reflects some of the factors which are relevant to understand the prospects of the steel industry based on prevailing local economic trends and developments.

6.3.1 The construction sector

After the exceptionally strong growth in the first quarter, the construction sector recorded a more moderate pace of expansion during the quarter (9.9%; 1Q 2014: 18.9%). Growth was driven mainly by the residential sub-sector, underpinned by the construction activity of high- end properties in Johor and Klang Valley. The non-residential sub-sector remained supported by construction activity related to offices and retail buildings, factories and institutions of higher learning. Meanwhile, growth in the civil engineering sub-sector was supported by rail and utility projects such as the Mass Rapid Transit Lembah Klang (“MRT”), LRT extension, and Tanjung Bin power plant.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

6.3.2 The manufacturing sector

The manufacturing sector recorded a strong growth of 7.3% in the second quarter (1Q 2014: 6.8%), driven by the strong performance of the electronics and electrical cluster, particularly semiconductors. This was also supported by better performance of the domestic-oriented cluster, particularly the manufactures of transport equipment, and food, beverage and tobacco. Overall capacity utilisation rate in the manufacturing sector was sustained at 78% (1Q 2014: 78%). Export-oriented industries were operating at 79% (1Q 2014: 79%), while capacity utilisation in the domestic-oriented industries rose to 77% (1Q 2014: 75%).

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

Value-added of the manufacturing sector expanded 6.8% during the first quarter of 2014 (4Q 2013: 5.2%), the highest growth in three years amid an improving global environment. Output increased 6.9% (4Q 2013: 4.9%) with positive growth in major subsectors. Similarly, sales of manufacturing products rose 12.4% to RM165.6 billion (Q4 2013: 3.2%; RM161.8 billion). The capacity utilisation rate of the sector recorded 79.4% (4Q 2013: 80%).

(Source: Quarterly Bulletin, First Quarter of 2014, Ministry of Finance, Malaysia)

6.4 Prospects of the Group

The Group is principally engaged in the process of steel coil, tube, strapping, steel furniture, metal roofing, floor decking, perforated metal and the industrial recycling of scrap metal.

In 2012, the Group had undertaken the restructuring scheme to regularise its financial position, which was completed on 16 May 2012. After the completion of the restructuring scheme, the reduced interest and debts servicing obligations, improved gearing and balance sheet position had benefited the Group in turning around the financial performance of the Group in the FYE 31 March 2014.

The summary of the financial performance of the Group are as follows:

	Audited		Unaudited	
	FYE 31 March 2013 (RM'000)	FYE 31 March 2014 (RM'000)	Three (3)- month FPE 30 June 2013 (RM'000)	Three (3)- month FPE 30 June 2014 (RM'000)
Revenue	137,074	143,602	42,262	34,696
Profit/(Loss) before taxation	(2,754)	4,620	1,207	1,626
Profit/(Loss) for the year/period	(4,349)	2,987	1,077	1,157
Shareholders' equity	107,905	110,326	106,279	111,482
No. of SMPC Shares in issue excluding treasury shares ('000)	48,489	52,270	45,242	52,270
NA per SMPC Share (RM)	2.23	2.11	2.35	2.13
Total borrowings (RM'000)	26,239	25,706	25,502	24,831
Gearing ratio (times)	0.24	0.23	0.24	0.22

Audited FYE 31 March 2013

The Group recorded revenue of RM137.07 million, an increase of RM9.47 million or 7.42% from the preceding financial year of RM127.61 million. Notwithstanding, the Group has incurred a loss for the year of RM4.35 million, which was due mainly to the property, plant and equipment written off as a result of the relocation of steel furniture manufacturing facilities from Gurun, Kedah to Klang, Selangor. The relocation exercise was part of the Group's post restructuring scheme to consolidate its business and optimise the assets and manpower utilisation.

Upon completion of the restructuring scheme in early FYE 31 March 2013, the NA per SMPC Share as at 31 March 2013 decreased to RM2.23 from RM7.74 as at 31 March 2012, due mainly to the increase in the share capital of the Company, and the total borrowings of the Group reduced to RM26.24 million from RM46.60 million as at 31 March 2012.

Audited FYE 31 March 2014

The Group recorded improved revenue of RM143.60 million (2013: RM137.07 million) and profit for the year of RM2.99 million (2013: Loss for the year of RM4.35 million). The increase in profit for the year was attributable to the higher revenue contributed from the trading, shredding and processing of metal related products.

Although the revenue and profit of the Group have increased from the preceding financial year, the gearing ratio of the Group has just improved marginally from 0.24 times for the FYE 31 March 2013 to 0.23 times for the FYE 31 March 2014.

The NA per SMPC Share as at 31 March 2014 decreased to RM2.11 from RM2.23 as at 31 March 2013, due mainly to the increase in the share capital of the Company.

Unaudited three (3)-month FPE 30 June 2014

The Group recorded an improved in profit for the period of RM1.16 million (2013: RM1.08 million) despite a decline in revenue to RM34.70 million (2013: RM42.26 million). The decrease in the revenue was attributable to completion of Petronas Gas Processing Plant Rejuvenation and Revamp 2 (plants No. 1, 2 and 3) projects in February 2014 and less ongoing projects as compared to the corresponding period. The marginal increase in the profit for the period was attributable to higher operating income for the three (3)-month FPE 30 June 2014 as a result of reversal of the provision made in the FYE 31 March 2014.

The NA per SMPC Share as at 30 June 2014 decreased to RM2.13 from RM2.35 as at 31 June 2013, due mainly to increase in the share capital of the Company.

Moving ahead, the Group would continue to focus on its core competencies and stay close to the market place to continuously improve revenue growth. To mitigate the risk of unstable steel prices, the Group would continue to match its inventory and production levels with pre-determined orders, allowing its products to be sold at reasonable margin and wherever possible to cut down the lead time so as to minimise higher input costs that are not able to be passed-on to its customers.

The update of the Group's plans as set out in the circular dated 30 December 2011 to the shareholders of SMPC in relation to the restructuring scheme, and future prospects of the Group are as follows:

The Group's plans as set out in the circular dated 30 December 2011	Update of the plans	Prospects of the Group
<p><u>Construction industry</u></p> <ul style="list-style-type: none"> • Focus on the roofing operations undertaken by Duro Metal Industrial (M) Sdn Bhd ("DMI"), a wholly-owned subsidiary of the Company, to tap on the expected demand in the construction industry. • Involved in Penang International Airport project 	<ul style="list-style-type: none"> • DMI has completed the supply of roofing for Penang International Airport upgrading project. 	<ul style="list-style-type: none"> • Participating as roofing vendor for the MRT stations and related covered facilities along the MRT line from Sungai Buloh to Kajang. • DMI has also tendered for Skypark Subang Airport extension project by leveraging on its previous track record for Penang International Airport upgrading project.
<p><u>Oil and gas industry and other industries</u></p> <ul style="list-style-type: none"> • Metal Perforators (M) Sdn Bhd ("MPMSB"), a wholly-owned subsidiary of the Company, aimed to increase sales of its main product (i.e. cable support system) for oil and gas industry. • Appointed as a vendor to supply cable support system to Hyundai Engineering, Korea which is a main contractor of Petronas Gas Processing Plant Rejuvenation and Revamp 2 project in Kerteh, Terengganu. • Tendered few projects such as Petronas Gas Processing Plant Rejuvenation and Revamp, Sabah Ammonia-Urea plant project, Vale Iron Ore plant project and Rare Earth Advanced Material plant Phase 2. 	<ul style="list-style-type: none"> • MPMSB has successfully completed the delivery of cable support system for the following projects except for the Rare Earth Advanced Material plant Phase 2. <ul style="list-style-type: none"> (i) Petronas Gas Processing Plant Rejuvenation and Revamp 2 (plants No. 1, 2 and 3) in Kerteh, Terengganu; and (ii) Vale Iron Ore plant project in Lumut, Perak. • MPMSB is currently supplying cable support systems to: <ul style="list-style-type: none"> (i) Sabah Ammonia-Urea plant project in Sipitang, Sabah; and (ii) Petronas Gas Processing Plant Rejuvenation and Revamp 2 (plant No. 4) in Kerteh, Terengganu. 	<ul style="list-style-type: none"> • In view that the global steel related industry is expected to continue facing uncertainty in demand and volatility in selling prices, the demand in the domestic market is however, expected to improve as a result of the implementation of various infrastructure and oil and gas projects initiated by the Malaysian Government as part of the Economic Transformation Programmes and Tenth (10th) Malaysia Plan. • In view that the Group's perforated metals are closely related to the industry specific applications such as filtration and oil and gas exploration, the various measures implemented by the Malaysian Government are vital in establishing the Group's presence in the local market. • The Group via MPMSB has gained reputation in oil and gas industry and other industries for cable support systems and perforated metal products. • MPMSB has been appointed as one (1) of the vendors to supply cable support systems for the following: <ul style="list-style-type: none"> (i) Petronas Gas Processing Plant Rejuvenation and Revamp project and Arkema Malaysia Chemical plant project in Kerteh, Terengganu; (ii) for Malaysia Liquefied Natural Gas Train 9 project in Bintulu, Sarawak;

The Group's plans as set out in the circular dated 30 December 2011	Update of the plans	Prospects of the Group
<u>Oil and gas industry and other industries (Cont'd)</u>		<ul style="list-style-type: none"> (iii) for Shell Lube Oil Blending plant project and grease manufacturing plant project in Tuas, Singapore; (iv) for Sabah Ammonia-Urea plant project in Sipitang, Sabah; and (v) for Light Rail Transit Ampang Line Extension project. • Moving forward, MPMSB will be actively tendering few sizeable projects to supply its products and will submit quotations to several local and overseas Engineering, Procurement, Construction & Commissioning contractors, namely oil tank farm project in Tuas, Singapore, MRT related projects, Vale Iron Ore plant phase 2 project in Lumut, Perak, and Samalaju port project in Bintulu, Sarawak.
<u>Furniture</u> <ul style="list-style-type: none"> • SMPC Dexon Sdn Bhd (“Dexon”), a wholly-owned subsidiary of the Company, involves in manufacturing and trading in steel furniture, has been concentrating in customised design and high end products particularly in the education sector. • Secured some local and overseas projects which include Maz International School and Asian Institute of Medical, Science and Technology University in Malaysia and Vellamal Medical College in India. 	<ul style="list-style-type: none"> • Dexon has successfully completed the delivery of furniture for Maz International School and Asian Institute of Medical, Science and Technology University. • Dexon was not awarded with the project for Vellamal Medical College. 	<ul style="list-style-type: none"> • Currently, Dexon has secured orders from International Islamic University Malaysia in Kuantan campus, Pahang, and University in Bahrain.

As a result, the Company anticipates that the Company's metal roofing, perforated cable support systems and recycling divisions would be the major contributors to the Group's profitability in the FYE 31 March 2015.

(Source: Management of SMPC)

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders of SMPC and/or persons connected to them have any interest, direct or indirect in the Proposed Rights Issue with Warrants other than their respective entitlements as shareholders under the Proposed Rights Issue With Warrants, for which all other shareholders of SMPC are entitled to including the right to apply for any excess Rights Shares.

8. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

8.1 Approvals required

The Proposed Rights Issue with Warrants is subject to and conditional upon approvals being obtained from the following:

- (i) Bursa Securities for the following:
 - (a) admission of the Warrants C to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants C;
 - (b) the listing of and quotation for the Rights Shares and the Additional Warrants B; and
 - (c) the listing of and quotation for the new SMPC Shares to be issued arising from the exercise of the Warrants C and the Additional Warrants B,

on the Main Market of Bursa Securities.

The approval from Bursa Securities for the abovementioned was obtained on 12 August 2014, and is subject to the following conditions:

Conditions	Status of compliance
(a) The Company and PIVB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants.	Noted.
(b) The Company and PIVB to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants.	To be complied with.
(c) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed.	To be complied with.
(d) The Company to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at EGM for the Proposed Rights Issue with Warrants.	To be complied with.
(e) Payment of additional listing fees. In this respect, the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of all warrants respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied with.

- (ii) the shareholders of the Company at the EGM to be convened by the Company; and
- (iii) any other parties and/or relevant authorities, if required.

8.2 Inter-conditionality

The Proposed Rights Issue with Warrants is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

9. DIRECTORS' STATEMENT AND RECOMENDATIONS

The Board, having considered all aspects of the Proposed Rights Issue with Warrants, including but not limited to the rationale and justifications, financial effects, valuation and risks associated with the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of the Company.

Accordingly, the Board recommends that the shareholders vote in favour of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at the forthcoming EGM of the Company.

10. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Rights Issue with Warrants and as disclosed below, there is no other corporate proposal announced but pending completion as at the LPD:

- (i) The Company had on 10 February 2014 announced that the Company has entered into a share sale agreement with Lim Kean Wah to acquire the remaining 4,999 ordinary shares of RM1.00 each in Kembang Kartika Sdn Bhd ("KKSb"), representing 49.99% of the issued and paid-up share capital of KKSb, for a total cash consideration of RM8,000,000. The acquisition is pending completion.
- (ii) The Company had on 29 November 2013 announced that Progerex Sdn Bhd, a wholly-owned subsidiary of the Company accepted the offer from Limsa Ekuiti Sdn Bhd to dispose off a warehouse erected on part of those pieces of land known as Lot Nos 1664 to 640, all in Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang for a total cash consideration of RM2,000,000. The disposal is pending completion.
- (iii) The Company had on 11 August 2014 announced that the Company proposes to undertake the following corporate proposals, which are pending the approval of its shareholders at the forthcoming Annual General Meeting of the Company:
 - (a) proposed renewal of the authority for the Company to purchase its own shares; and
 - (b) proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Rights Issue with Warrants is expected to be completed in the second (2nd) half of 2014.

The tentative timetable for the implementation of the Proposed Rights Issue with Warrants is as follows:

Events	Tentative timeline
• EGM for the Proposed Rights Issue with Warrants	End September 2014
• Announcement of the book closure date for the Proposed Rights Issue with Warrants	Early October 2014
• Book closing date to determine persons entitled to participate in the Proposed Rights Issues with Warrants and the public release of the Abridged Prospectus	Mid October 2014
• Listing of and quotation for the Rights Shares and Warrants C on the Main Market of Bursa Securities	Mid November 2014

12. EGM

The forthcoming EGM, the notice of which is enclosed in this Circular 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 12:00 noon or immediately after the conclusion or adjournment (as the case may be) of the Thirty-Third (33rd) Annual General Meeting of the Company to be held at the same venue on the same day at 11.00 a.m., whichever is later, for the purpose of considering, and if thought fit, passing the resolutions so as to give effect to the Proposed Rights Issue with Warrants.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Registered Office at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, not less than forty-eight (48) hours before the time fixed for the EGM.

The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently decide to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices of the Circular for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
SMPC CORPORATION BHD.

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

INDICATIVE PRINCIPAL TERMS OF THE WARRANTS C

The indicative principal terms of the Warrants C are set out below:

Issuer	:	SMPC
Number of Warrants C	:	Up to 150,205,007 Warrants C to subscribe for up to 150,205,007 new SMPC Shares.
Issue Price	:	The Warrants C are to be issued free to the Entitled Shareholders and renounee(s)/transferee(s) who subscribe for the Rights Shares.
Form and denomination	:	The Warrants C will be constituted by a Deed Poll to be executed by SMPC. The Warrants C which are to be issued with the Rights Shares are immediately detachable from the Rights Shares upon allotment and issuance. The Warrants C will be issued in registered form and traded separately on the Main Market of Bursa Securities.
Exercise Rights	:	Each Warrant C entitles the registered holder to subscribe for one (1) new SMPC Share at the Exercise Price at any time during the Exercise Period.
Exercise Price	:	The exercise price of the Warrants C is fixed at RM1.00 per Warrant C. The exercise price and/or the number of Warrants C in issue during the Exercise Period shall however be subject to adjustments under certain circumstances in accordance with the terms and provisions of the Deed Poll to be executed by the Company.
Exercise Period	:	The Warrants C may be exercised at any time during the tenure of the Warrants C of ten (10) years including and commencing from the issue date of the Warrants C and ending at 5.00 p.m. on a date which falls on the day before the tenth anniversary of the issue date of the Warrants C, provided that if such day falls on a day which is not a market day, then on the preceding market day. The Warrants C not exercised during the Exercise Period will thereafter lapse and become void.
Mode of exercise	:	The Warrants C holders shall pay cash by way of banker's draft or cashier's order drawn on a bank in Malaysia for the aggregate Exercise Price payable when exercising the Warrants C and subscribing for new SMPC Shares.
Adjustment in the Exercise Price and/or the number of Warrants C in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants C held by each Warrants C holder shall be adjusted by the Board in consultation with an approved adviser appointed by the Company for the purposes of the Deed Poll and certified by the auditors in the event of alteration to the share capital of the Company, in accordance with the provisions as set out in the Deed Poll.
Modification of rights of the Warrants C holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrants C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants C holders.
Rights in the event of winding up, liquidation or an event of default	:	Where a resolution has been passed by the Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies: (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrants C holders or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrants C holders; and

INDICATIVE PRINCIPAL TERMS OF THE WARRANTS C (Cont'd)

- (b) in any other cases, every Warrant C holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants C and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new SMPC Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks, all Exercise Rights of the Warrants C shall lapse and cease to be valid for any purpose.
- Board Lot : The Warrants C are tradable upon listing in board lots of 100 units, carrying the right to subscribe for 100 new SMPC Shares or such other number of units as may be prescribed by Bursa Securities.
- Rights of the Warrants C holders : The Warrants C holders are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrants C holders are issued with new SMPC Shares arising from their exercise of the Warrants C.
- Status of the new SMPC Shares to be issued pursuant to the exercise of the Warrants C : The new SMPC Shares to be issued pursuant to the exercise of the Warrants C shall, upon allotment and issue, rank *pari passu* in all respects with the then existing SMPC Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the said new SMPC Shares to be issued arising from the exercise of the Warrants C.
- Modification : Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by SMPC and expressed to be supplemental hereto. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).
- SMPC in consultation with an approved adviser, appointed by the Company for the purposes of the Deed Poll, may from time to time without the consent or sanction of the Warrant C holder make any modification (except to provisions for convening meetings of the Warrant C holders) to the Deed Poll which will not be materially prejudicial to the interest of the Warrant C holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.
- Listing : Main Market of Bursa Securities.
- Transferability : The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Governing Law : The laws of Malaysia.

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES


SIEW BOON YEONG & ASSOCIATES

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Date: 28 August 2014

The Board of Directors
SMPC Corporation Bhd.
 2521, Tingkat Perusahaan 6,
 Prai Industrial Estate,
 13600 Prai, Pulau Pinang.

Dear Sirs,

**SMPC CORPORATION BHD. (“SMPC” OR “COMPANY”)
 AND ITS SUBSIDIARIES (“GROUP”)
 LETTER ON STATEMENT OF SUFFICIENCY OF RESERVES**

SMPC had on 27 February 2014 announced to the Bursa Malaysia Securities Berhad (“Bursa Securities”) on the proposed renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC (“SMPC Share(s)”) (“Rights Share(s)”) together with up to 150,205,007 free new detachable warrants (“Warrants C”) at an issue price of RM1.00 per Rights Share on the basis of two (2) existing SMPC Shares held as at an entitlement date to be determined and announced later, of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 (“Second Call”) is to be capitalised from the Company’s reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C (“Proposed Rights Issue with Warrants”).

In this regard, we have been appointed by the Board of Directors of SMPC to review the Statement of Sufficiency of Reserves available for the capitalisation of the Second Call, based on the Company’s audited financial statements as at 31 March 2014 and the latest unaudited financial statements as at 30 June 2014, for the Proposed Rights Issue with Warrants (“Statement of Sufficiency Reserves”).

The Directors of SMPC are solely responsible for the preparation of the Statement of Sufficiency Reserves.

The engagement was carried out in accordance with *ISRS 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The following procedures were performed on the Statement of Sufficiency Reserves:-

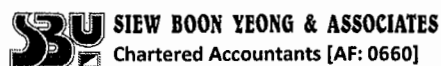
- A. We have agreed the balances of the share premium and the retained profits to the Company’s audited financial statements as at 31 March 2014 and the latest unaudited financial statements as at 30 June 2014 for the Group level and Company level and noted no exception.
- B. We have checked the unaudited proforma share premium and retained profits incorporating the adjustments for the effects of the Proposed Rights Issue with Warrants for both the minimum scenario and maximum scenario (“Adjustments”) to determine whether the Adjustments are appropriately made for the purpose of the Statement of Sufficiency Reserves for the Group level and the Company level and noted no exception.

1



An independent member of INAA GROUP

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

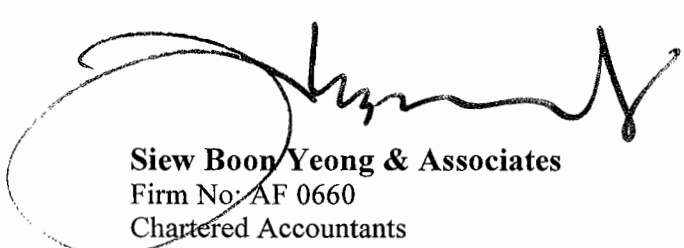


- C. Subsequent to procedures A and B above, we have checked the sufficiency of unaudited proforma share premium and retained profits as at 31 March 2014 and 30 June 2014 for the Group level and the Company level, respectively, for the purpose of capitalisation of the Second Call for the Proposed Rights Issue with Warrants and noted that the total unaudited proforma share premium and retained profits balances as at 31 March 2014 and 30 June 2014 for the Group level and the Company level, after the Adjustments, are sufficient for the purpose of capitalisation of the Second Call for the Proposed Rights Issue with Warrants.


The above procedures do not constitute either an audit or a review made in accordance with Approved Standards on Auditing in Malaysia. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Approved Standards on Auditing in Malaysia, other matters might have come to our attention that would have been reported to you. It should be understood that we make no representations regarding questions of legal interpretation or regarding sufficiency of the procedures set forth above for your purpose. We have concerned ourselves solely to the Adjustments contained in the unaudited proforma movements of reserves and make no representation as to the adequacy of disclosures or as to whether any material facts have been omitted.

We understand that this letter will be used solely for the purpose of inclusion in the Circular to Shareholders of SMPC in connection with the Proposed Rights Issue with Warrants. As such, this letter should not be used for any purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



Siew Boon Yeong & Associates
Firm No: AF 0660
Chartered Accountants



Dato' Siew Boon Yeong
Approved Number: 1321/7/16 (J)
Partner of Firm

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

- 1) SMPC Corporation Bhd. ("SMPC" or "Company") intends to undertake the proposed renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC ("SMPC Share(s)") ("Rights Share(s)") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1.00 per Rights Share on the basis of two (2) existing SMPC Shares held as at an entitlement date to be determined and announced later ("Entitlement Date"), of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 ("Second Call") is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Proposed Rights Issue with Warrants").

Pursuant to thereto, the numbers of Rights Shares and Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants will be based on the two (2) scenarios as follows:

Minimum Scenario: Assuming the treasury shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date and the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis.


Maximum Scenario: Assuming the treasury shares are resold in the open market of Bursa Malaysia Securities Berhad and all outstanding convertible securities of the Company as at 26 February 2014, being the last trading day prior to the date of announcement dated 27 February 2014 in relation to the Proposed Rights Issue with Warrants, are fully converted and exercised, respectively, into new SMPC Shares prior to the Entitlement Date and all entitled shareholders subscribe for their rights entitlements in full pursuant to the Proposed Rights Issue with Warrants.

- 2) Under the Minimum Scenario and the Maximum Scenario, the number of Rights Shares and Warrants C to be issued at the issue price of RM1.00 per Rights Share and exercise price of RM1.00 per Warrant C, respectively, are as stated below. Each Warrant C will entitle the holders to subscribe for one (1) new SMPC Share at the exercise price of RM1.00 per Warrant C.

	Minimum Scenario		Maximum Scenario	
	No. of SMPC Shares	Based on par value of RM1.00 each RM	No. of SMPC Shares	Based on par value of RM1.00 each RM
To be issued pursuant to the Proposed Rights Issue with Warrants	20,000,000	20,000,000	300,410,014	300,410,014
To be issued pursuant to the exercise of Warrants C under the Proposed Rights Issue with Warrants	10,000,000	10,000,000	150,205,007	150,205,007

Included For Identification Purpose Only

2

 **NEW DAWN FIRMS & ASSOCIATES**
 Chartered Accountants (A.M. 6646)

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

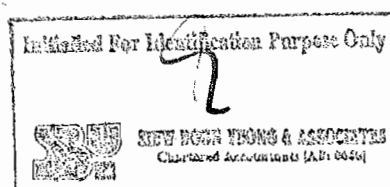
- 3) The following proforma movements of share premium and retained profits of the Group and of the Company have been prepared solely for illustrative purpose only, to show the effects of the Proposed Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario by way of capitalisation of the Second Call from the share premium and retained profits of the Group and of the Company.

Based on the Company's audited financial statements as at 31 March 2014, the unaudited proforma share premium and retained profits of the Group and of the Company are as follows:

Group Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Audited financial statements as at 31 March 2014	18,063	16,920	34,983	18,063	16,920	34,983
Less: Assuming the treasury shares are resold to open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and shares option ^(b)	-	-	-	383	-	383
	18,063	16,920	34,983	18,301	16,920	35,221
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,301)	(11,740)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	16,920	32,183	-	4,380	4,380

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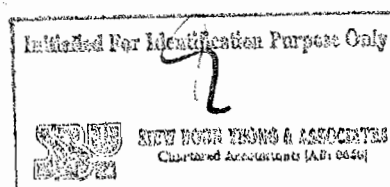
LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

Company Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Audited financial statements as at 31 March 2014	18,063	17,504	35,567	18,063	17,504	35,567
Less: Assuming the treasury shares are resold to open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and shares option ^(b)	-	-	-	123	-	123
	18,063	17,504	35,567	18,041	17,504	35,545
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,041)	(12,000)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	17,504	32,767	-	4,704	4,704

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LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

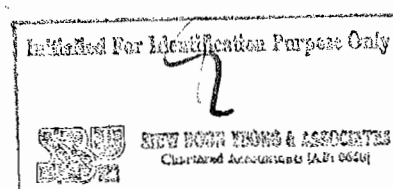
SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

Based on the Company's unaudited financial statements as at 30 June 2014, the unaudited proforma share premium and retained profits of the Group and of the Company are as follows:

Group Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Unaudited financial statements as at 30 June 2014	18,063	18,077	36,140	18,063	18,077	36,140
Less: Assuming the treasury shares are resold to open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and shares option ^(b)	-	-	-	383	-	383
	18,063	18,077	36,140	18,301	18,077	36,378
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,301)	(11,740)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	18,077	33,340	-	5,537	5,537

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LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

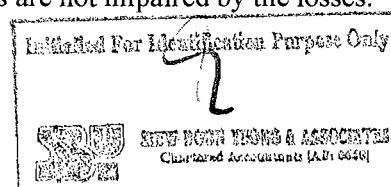
SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

Company Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Unaudited financial statements as at 30 June 2014	18,063	17,615	35,678	18,063	17,615	35,678
Less: Assuming the treasury shares are resold to open market ^(a)	-	-	-	(145)	-	(145)
Add: Assuming full exercise of Warrants B and shares option ^(b)	-	-	-	123	-	123
	18,063	17,615	35,678	18,041	17,615	35,656
Less: Capitalisation for the Second Call under the Proposed Rights Issue with Warrants	(2,000)	-	(2,000)	(18,041)	(12,000)	(30,041)
Less: Estimated expenses for the Proposed Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Proposed Rights Issue with Warrants	15,263	17,615	32,878	-	4,815	4,815

Notes:

- (a) Assuming all 2,434,668 treasury shares are resold in the open market of Bursa Malaysia Securities Berhad prior to the Entitlement Date at the indicative price of RM0.9975 each, being the five (5)-day volume weighted average market price per SMPC Share up to and including the latest practicable date, 26 February 2014, prior to the announcement of the Proposed Rights Issue with Warrants.
- (b) Assuming the full exercise of the following outstanding convertible securities:
- (i) Full exercise of all outstanding 20,338,186 Warrants B into 20,338,186 new SMPC Shares prior to the Entitlement Date.
 - (ii) Full exercise of all outstanding Unexercised Options into new SMPC Shares of the Group and the Company respectively prior to the Entitlement Date.
4. The Directors of SMPC confirm that based on the Group's and the Company's unaudited proforma share premium and retained profits as at 31 March 2014 and 30 June 2014, after the Adjustments, the Group's and the Company's reserves required for the capitalisation of the Second Call for the Proposed Rights Issue with Warrants are not impaired by the losses.




LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

**SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES**

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated
28 AUG 2014

On behalf of the Board,



Ooi Chieng Sim
Executive Director



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT
31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON



SIEW BOON YEONG & ASSOCIATES

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Member Firm Of
Malaysian Institute Of Accountants
Institut Akademi Malaysia
Comptroller & Local Tax (MIA/AF 0660)

Date: 28 August 2014

The Board of Directors

SMPC Corporation Bhd.

2521, Tingkat Perusahaan 6,

Prai Industrial Estate,

13600 Prai, Pulau Pinang.

Dear Sirs,

SMPC CORPORATION BHD. ("SMPC" OR "COMPANY")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014

We have reviewed the Proforma Consolidated Statements of Financial Position of SMPC and its subsidiaries ("the Group") as at 31 March 2014 together with the accompanying notes thereon for which the Board of Directors of SMPC is solely responsible, as set out in the accompanying statements (which we have stamped for the purpose of identification). The Proforma Consolidated Statements of Financial Position have been prepared for illustrative purposes only for the inclusion in the Circular to Shareholders of SMPC to be dated 2 September 2014 in connection with the proposed renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC ("SMPC Share(s)") ("Rights Share(s)") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held as at an entitlement date to be determined and announced later ("Entitlement Date"), of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Proposed Rights Issue with Warrants").

Basis of Opinion

We conducted our work in accordance with the Malaysian Approved Standards of Assurance, *ISAE 3000 – Assurance Engagements Other Than Audit or Review of Historical Information*. Our work consisted primarily of comparing the Proforma Consolidated Statements of Financial Position with the audited financial statements of the Company, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Statements of Financial Position with the Directors of SMPC. Our work involved no independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Proforma Consolidated Statements of Financial Position have been properly compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies normally adopted by SMPC.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)




The audited financial statements of SMPC for the financial year ended 31 March 2014 were audited by another firm of Chartered Accountants and were reported upon by the auditors without any modification to the members of SMPC on 23 July 2014.

In our opinion,


- (i) the Proforma Consolidated Statements of Financial Position as at 31 March 2014 which were prepared for illustrative purposes only, have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position using financial statements prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the SMPC unless otherwise stated; and
- (ii) the adjustments made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.

We understand that this letter will be used solely for the purposes of inclusion in the Circular to Shareholders of SMPC in connection with the Proposed Rights Issue with Warrants. As such, this letter should not be used for any purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



Siew Boon Yeong & Associates
Firm No: AF 0660
Chartered Accountants



Dato' Siew Boon Yeong
Approved Number: 1321/7/16 (J)
Partner of Firm

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON (Cont'd)

SMPC CORPORATION BHD. ("SMPC")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MINIMUM SCENARIO

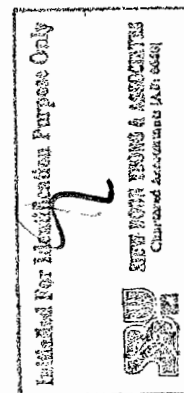
	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for Proposed Rights Issue of Shares with Warrants RM'000	Proforma I After Proposed Rights Issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000	Proforma II After Proforma I and the full exercise of the Warrants RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	67,849	-	67,849	-	67,849
Investment properties	36,212	-	36,212	-	36,212
Other investments	6,682	-	6,682	-	6,682
	110,743	-	110,743	-	110,743
Current Assets					
Inventories	13,445	-	13,445	-	13,445
Trade and other receivables	37,302	-	37,302	-	37,302
Fixed deposits with licensed banks	506	-	506	-	506
Cash and bank balances	4,038	5,200	9,238	10,000	19,238
	55,291	5,200	60,491	10,000	70,491
Total Assets	166,034	5,200	171,234	10,000	181,234
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	54,705	20,000	74,705	10,000	84,705
Irredeemable convertible unsecured loan stocks	22,249	-	22,249	-	22,249
Share premium	18,063	(2,800)	15,263	-	15,263
Treasury shares	(2,573)	-	(2,573)	-	(2,573)
Warrant reserves	3,186	2,800	5,986	(2,800)	3,186
Discount on shares	(3,105)	(2,800)	(5,905)	2,800	(3,105)
ESOS reserve	302	-	302	-	302
Fair value reserve	579	-	579	-	579
Retained profits	16,920	-	16,920	-	16,920
Total equity attributable to owners of the Company	110,326	17,200	127,526	10,000	137,526
Non-controlling interests	7,614	-	7,614	-	7,614
Total Equity	117,940	17,200	135,140	10,000	145,140

Intended For Identification Purpose Only
2
SMPC
SMPC CORPORATION BHD. & ASSOCIATES
Chartered Accountants (A.P. 0048)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPG AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON (Cont'd)

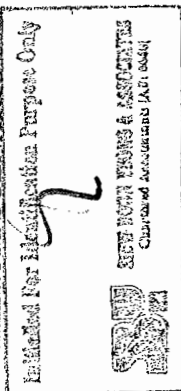
SMPG CORPORATION BHD. ("SMPG")
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
 MINIMUM SCENARIO (CONT'D)

	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for Proposed Rights Issue of Shares with Warrants RM'000	Proforma I After Proposed Rights Issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000	Proforma II After Proforma I and the full exercise of the Warrants RM'000
Non-Current Liabilities					
Trade and other payables	1,304	-	1,304	-	1,304
Borrowings	10,373	-	10,373	-	10,373
Deferred tax liabilities	3,991	-	3,991	-	3,991
	15,668	-	15,668	-	15,668
Current Liabilities					
Trade and other payables	15,999	-	15,999	-	15,999
Borrowings	15,333	(12,000)	3,333	-	3,333
Provision for taxation	1,094	-	1,094	-	1,094
	32,426	(12,000)	20,426	-	20,426
Total Liabilities	48,094	(12,000)	36,094	-	36,094
Total Equity and Liabilities	166,034	5,200	171,234	10,000	181,234
Par value per ordinary share (RM)	1.00		1.00		1.00
Number of shares, net of treasury shares ('000)	52,270		72,270		82,270
Net assets per share (RM)	2.11		1.76		1.67
Total borrowings (RM'000)	25,706		13,706		13,706
Gearing ratio (times)	0.23		0.11		0.10



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON (Cont'd)

SMPC CORPORATION BHD. ("SMPC")
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
 MAXIMUM SCENARIO

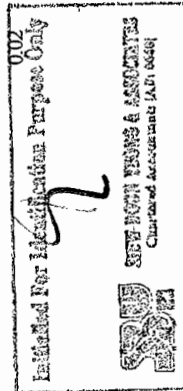


	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for assuming full conversion/exercise of all existing convertible securities RM'000	Proforma I After assuming full conversion/exercise of all existing convertible securities RM'000	Adjustments for Proposed Rights Issue of Shares with Warrants RM'000	Proforma II After Proforma I and the Proposed Rights Issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000	Proforma III After Proforma II and the full exercise of the Warrants RM'000
ASSETS							
Non-current Assets							
Property, plant and equipment	67,849	-	67,849	-	67,849	-	67,849
Investment properties	36,212	-	36,212	-	36,212	-	36,212
Other investments	6,682	-	6,682	-	6,682	-	6,682
	110,743	-	110,743	-	110,743	-	110,743
Current Assets							
Inventories	13,445	-	13,445	-	13,445	-	13,445
Trade and other receivables	37,302	-	37,302	-	37,302	-	37,302
Fixed deposits with licensed banks	506	-	506	-	506	-	506
Cash and bank balances	4,038	225,884	229,922	257,569	487,491	150,205	637,696
	55,291	225,884	281,175	257,569	538,744	150,205	688,949
	166,034	225,884	391,918	257,569	649,487	150,205	799,692
Total Assets	54,705	245,705	300,410	300,410	600,820	150,205	751,025
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22,249	(22,249)	-	-	-	-	-
Irredeemable convertible unsecured loan stocks	18,063	238	18,301	(18,301)	-	-	-
Share premium	(2,573)	(3,186)	-	-	-	-	-
Treasury shares	3,186	3,105	-	42,057	42,057	(42,057)	-
Warrant reserves	302	(302)	-	-	-	-	-
Discount on shares	579	-	579	-	579	-	579
ESOS reserve	16,920	-	16,920	(12,540)	4,380	-	4,380
Fair value reserve	-	-	-	-	-	-	-
Retained profits	110,326	225,884	336,210	269,569	605,779	150,205	755,984
Total equity attributable to owners of the Company	7,614	-	7,614	-	7,614	-	7,614
Non-controlling interests	117,940	225,884	343,824	269,569	613,393	150,205	763,598
Total Equity							

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON (Cont'd)

SMPC CORPORATION BHD. ("SMPC")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MAXIMUM SCENARIO (CONT'D)

	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for assuming full conversion/exercise of all existing convertible securities RM'000	Proforma I After assuming full conversion/exercise of all existing convertible securities RM'000	Adjustments for Proposed Rights Issue of Shares with Warrants RM'000	Proforma II After Proforma I and the Proposed Rights Issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000	Proforma III After Proforma II and the full exercise of the Warrants RM'000
Non-Current Liabilities							
Trade and other payables	1,304	-	1,304	-	1,304	-	1,304
Borrowings	10,373	-	10,373	-	10,373	-	10,373
Deferred tax liabilities	3,991	-	3,991	-	3,991	-	3,991
	15,668	-	15,668	-	15,668	-	15,668
Current Liabilities							
Trade and other payables	15,999	-	15,999	-	15,999	-	15,999
Borrowings	15,333	-	15,333	(12,000)	3,333	-	3,333
Provision for taxation	1,094	-	1,094	-	1,094	-	1,094
	32,426	-	32,426	(12,000)	20,426	-	20,426
Total Liabilities	48,094	-	48,094	(12,000)	36,094	-	36,094
Total Equity and Liabilities	166,034	225,884	391,918	257,569	649,487	150,205	799,692
Par value per ordinary share (RM)	1.00		1.00		1.00		1.00
Number of shares, net of treasury shares ('000)	52,270		300,410		600,820		751,025
Net assets per share (RM)	2.11		1.12		1.01		1.01
Total borrowings (RM'000)	25,706		25,706		13,706		13,706
Gearing ratio (times)	0.23		0.08		0.02		0.02



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT
31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)

SMPC CORPORATION BHD.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014**

1. BASIS OF PREPARATION

The Proforma Consolidated Statements of Financial Position have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and based on the audited Consolidated Statements of Financial Position of SMPC as at 31 March 2014. The Proforma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effect of the Proposed Rights Issue with Warrants.

The Proforma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those normally adopted by SMPC in the preparation of its audited financial statements.

The Proforma Consolidated Statements of Financial Position is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The Proforma Consolidated Statements of Financial Position, because of its nature, may not be reflective of the Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of the Group.

1.1 The details of the Minimum and Maximum Scenarios are set out below:

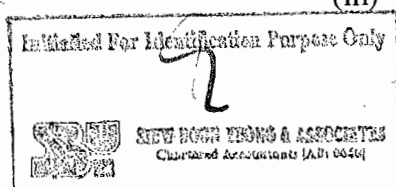
(i) Minimum Scenario

Minimum Scenario representing the scenario on the following assumptions:-

- (a) The 2,434,668 treasury shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date.
- (b) None of the following convertible securities of the Company which were outstanding as at 26 February 2014, being the last trading day ("LTD") prior to the date of announcement dated 27 February 2014 in relation to the Proposed Rights Issue with Warrants are converted or exercised prior to the Entitlement Date:
 - (i) RM22,249,296.90 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.10 each;
 - (ii) 20,338,186 warrants ("Warrants B"); and
 - (iii) 2,874,000 shares option granted pursuant to the Company's employee share option scheme ("ESOS") ("Unexercised Options").

Note: For illustrative purposes, 2,874,000 Unexercised Options were outstanding as at the LTD and the audited ESOS Reserve of RM301,606 as at 31 March 2014 was used for this illustration.

- (c) Issuance of 20,000,000 Rights Shares together with 10,000,000 Warrants C based on the minimum subscription level pursuant to the Proposed Rights Issue with Warrants.
- (d) Full exercise of 20,000,000 Warrants C into 20,000,000 new SMPC Shares.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)

SMPC CORPORATION BHD.
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014

(ii) **Maximum Scenario**

Maximum Scenario representing the scenario on the following assumptions:-

- (a) All 2,434,668 treasury shares are resold in the open market of Bursa Malaysia Securities Berhad prior to the Entitlement Date at the indicative price of RM0.9975 each, being the five (5)-day volume weighted average market price per SMPC Share up to and including the LTD.
- (b) Full conversion of all outstanding RM22,249,296.90 nominal value of the ICULS as at the LTD, into 222,492,969 new SMPC Shares prior to the Entitlement Date.
- (c) Full exercise of all outstanding 20,338,186 Warrants B as at the LTD, into 20,338,186 new SMPC Shares prior to the Entitlement Date.
- (d) Full exercise of all outstanding 2,874,000 Unexercised Options as at the LTD, into 2,874,000 new SMPC Shares prior to the Entitlement Date.

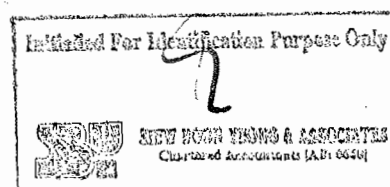
Note: For illustrative purposes, 2,874,000 Unexercised Options were outstanding as at the LTD and the audited ESOS Reserve of RM301,606 as at 31 March 2014 was used for this illustration.

- (e) Issuance of 300,410,014 Rights Shares together with 150,205,007 Warrants C pursuant to the Proposed Rights Issue with Warrants.
- (f) Full exercise of 150,205,007 Warrants C into 150,205,007 new SMPC Shares.

1.2 Fair value of Warrants C

The allocated fair value of free Warrants C is credited to a warrant reserve, which is non-distributable.

The Directors of SMPC have allocated a fair value of RM0.28 for each Warrant C. The fair value of the Warrant C is derived at using the Black-Scholes option pricing model.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

2. MINIMUM SCENARIO

2.1 PROFORMA I

Proforma I incorporates the effects of the Proposed Rights Issue with Warrants and the following utilisation of proceeds on the adjusted Consolidated Statements of Financial Position as at 31 March 2014:

	RM'000
Repayment of borrowings	12,000
Working capital	5,200
Estimated expenses for the Proposed Rights Issue with Warrants	800
	<u>18,000</u>

The Proposed Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	5,200	-
Share capital	-	20,000
Share premium account	-	(2,800)
Warrant reserves	-	2,800
Discount on shares	-	(2,800)
Borrowings	-	(12,000)
	<u>5,200</u>	<u>5,200</u>

2.2 PROFORMA II

Proforma II incorporates the effects of Proforma I and assuming the full exercise of the Warrants C.

The full exercise of Warrants C has the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	10,000	-
Share capital	-	10,000
Discount on shares	-	2,800
Warrant reserves	-	(2,800)
	<u>10,000</u>	<u>10,000</u>



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

3. MAXIMUM SCENARIO

3.1 PROFORMA I

Proforma I incorporates the effects of assuming full exercise/conversion of all existing convertible securities of the Company and resold of all treasury shares held by the Company prior to the Entitlement Date.

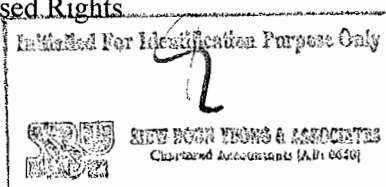
The full exercise/conversion of all the existing convertible securities and resold of all treasury shares have the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on	Effect on
	Total Assets	Total Equity
	RM'000	and Liabilities
		RM'000
Cash and bank balances	225,884	-
Share capital	-	245,705
ICULS	-	(22,249)
Share premium	-	238
Treasury shares	-	2,573
Warrant reserves	-	(3,186)
Discount on shares	-	3,105
ESOS reserve	-	(302)
	225,884	225,884

3.2 PROFORMA II

Proforma II incorporates the effects of Proforma I, Proposed Rights Issue with Warrants and the following utilisation of proceeds on the Proforma Consolidated Statements of Financial Position:-

	RM'000
Repayment of borrowings	12,000
Investment in new business	218,548
Working capital	39,021
Estimated expenses for the Proposed Rights Issue with Warrants	800
	270,369



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT
31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)

SMPC CORPORATION BHD.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014**

The Proposed Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position:-

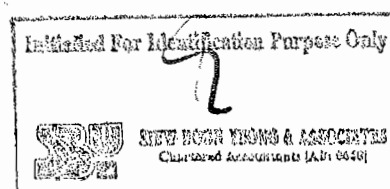
	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	257,569	-
Share capital	-	300,410
Share premium	-	(18,301)
Warrant reserves	-	42,057
Discount on shares	-	(42,057)
Retained profits	-	(12,540)
Borrowings	-	(12,000)
	257,569	257,569

3.3 PROFORMA III

Proforma III incorporates the effects of Proforma II and assuming the full exercise of the Warrants C.

The full exercise of Warrants C has the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	150,205	-
Share capital	-	150,205
Discount on shares	-	42,057
Warrant reserves	-	(42,057)
	150,205	150,205



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SMPC AS AT
31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTERS THEREON
(Cont'd)**

**SMPC CORPORATION BHD.
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014**

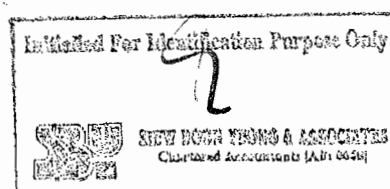
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated
28 AUG 2014

On behalf of the Board,



Ooi Chieng Sim
Executive Director



FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who individually and collectively 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 would make any statement in this Circular false or misleading.

2. CONSENTS AND DECLARATIONS OF CONFLICT OF INTEREST**2.1 PIVB**

PIVB, acting as the Adviser to the Company for the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto where relevant, in the form and context in which they appear in this Circular.

PIVB has also confirmed that there is no conflict of interest which exists or likely to exist in its capacity as the Adviser for the Proposed Rights Issue with Warrants.

2.2 Siew Boon Yeong & Associates

Siew Boon Yeong & Associates, the Reporting Accountants to the Company for the Proposed Rights Issue with Warrants, have given and have not subsequently withdrawn their written consent to the inclusion in this Circular of their name, the letter on statement of sufficiency of the Company's reserves in relation to the Second Call for the Proposed Rights Issue with Warrants and the proforma consolidated statements of financial position of SMPC as at 31 March 2014 together with the Reporting Accountants' letter thereon and all references thereto where relevant, in the form and context in which they appear in this Circular.

Siew Boon Yeong & Associates has also confirmed that there is no conflict of interest exists or likely to exist in relation to its role in respect of the Proposed Rights Issue with Warrants.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Saved as disclosed below, the 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 Group 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) On 13 June 2014, the Company together with SMPC Industries Sdn Bhd ("**SISB**"), OCS and a financial institution ("**FI**") was served with a writ of summons and statement of claim dated 22 May 2014 by a former director of the Company ("**Plaintiff**").

From the Writ of Summons, the Plaintiff is claiming ("**Claims**") the following:

- (a) a declaration that he be relieved from his personal guarantee of RM18,000,000 issued in favour of the FI for a term loan granted to SISB;
- (b) in the alternative, the Company and SISB be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to the FI;
- (c) unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the Company in August 2013 until the Plaintiff is relieved of the aforesaid personal guarantee;
- (d) aggravated and general damages against the Company, SISB and OCS;
- (e) general damages against the FI;
- (f) interest on all damages at the rate of 5% per annum from the date of judgement to the date of realisation;

FURTHER INFORMATION (Cont'd)

- (g) costs; and
- (h) any other Order the Honourable Court deems fit and appropriate.

The Company, SISB and OCS have filed Memorandum of Appearance on 20 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 application for transfer of proceedings has been fixed for hearing on 8 September 2014 and full trial dates have been fixed on 19 and 20 November 2014, respectively.

The solicitors acting for the case is of the view that the Plaintiff's claim is unsustainable and premature as the term loan only due on end of August 2014 and that the Plaintiff has never suffered any losses at all material times. Further the solicitors is of the view that the Plaintiff is unable to prove his claim for general and aggravated damages as claimed in the Writ of Summons.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no material commitments for capital expenditure contracted or known to be contracted by the Group which may have a substantial impact on the results or the financial position of the Group as at the LPD.

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of the Group as at the LPD:

	Limit	Amount utilised
	RM	RM
Corporate guarantee:		
- for banking facilities given to subsidiaries	13,780,750	9,075,888
- to trade payables of subsidiaries	22,258,000	15,513,628
Total	36,038,750	24,589,516

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak during normal business hours (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Memorandum and Articles of Association of SMPC;
- (ii) the audited consolidated financial statements of SMPC for the past two (2) FYEs 31 March 2013 and 31 March 2014;
- (iii) the latest unaudited consolidated financial statements of SMPC for the three (3)-month FPE 30 June 2014;
- (iv) the draft Deed Poll;
- (v) the letter from the Reporting Accountants on the sufficiency of reserves as set out in **Appendix II** of this Circular;
- (vi) the proforma consolidated statements of financial position of SMPC as at 31 March 2014 together with the reporting accountant's letter thereon as set out in **Appendix III** of this Circular;
- (vii) the letters of consent and letters of conflict of interest referred to in Sections 2 of this Appendix; and
- (viii) the relevant cause paper in relation to the material litigation referred to in Section 3 of this Appendix.

SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of SMPC Corporation Bhd. (“SMPC” or 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 12:00 noon or immediately after the conclusion or adjournment (as the case may be) of the Thirty-Third (33rd) Annual General Meeting of our Company to be held at the same venue on the same day at 11:00 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 300,410,014 NEW ORDINARY SHARES OF RM1.00 EACH IN SMPC (“SMPC SHARE(S)”) (“RIGHTS SHARE(S)”) TOGETHER WITH UP TO 150,205,007 FREE NEW DETACHABLE WARRANTS (“WARRANTS C”) AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT C FOR EVERY TWO (2) EXISTING SMPC SHARES HELD AS AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, OF WHICH THE FIRST CALL OF RM0.90 WILL BE PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.10 IS TO BE CAPITALISED FROM THE COMPANY’S RESERVES, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 20,000,000 RIGHTS SHARES TOGETHER WITH 10,000,000 WARRANTS C (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

“THAT, subject to and conditional upon the approvals of all relevant authorities, including but not limited to the approval-in-principle granted by Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for all the Rights Shares and Warrants C to be issued hereunder and all the new SMPC Shares to be issued arising from the exercise of the Warrants C, approval be and is hereby given to the Directors of the Company to:

- (a) provisionally allot and issue by way of a renounceable two-call rights issue of up to 300,410,014 Rights Shares, together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC shares held by the shareholders of SMPC whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced by the Board, of which the first call of RM0.90 (“First Call”) will be payable in cash on application and the second call of RM0.10 (“Second Call”) is to be capitalised from the Company’s reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C;
- (b) capitalise up to RM30,041,001 from the Company’s share premium and retained earnings’ accounts and to utilise such capitalised sums in making payment for the Second Call amount of the Rights Shares;
- (c) constitute the Warrants C upon the terms and conditions of a deed poll to be executed by the Company (“Deed Poll”), the principal terms of which are set out in Appendix I of the Circular to the Shareholders of the Company dated 2 September 2014 (“Circular”);
- (d) allot and issue such number of additional Warrants C as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll; and
- (e) allot and issue such number of new SMPC Shares arising from the exercise of the Warrants C during the tenure of the Warrants C;

THAT any Rights Shares with Warrants C which are not validly taken up or which are not allotted for any reason whatsoever shall be made available for excess applications in such manner as the Directors of the Company shall determine at its absolute discretion;

THAT the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner and on such terms and conditions as the Directors of the Company in their absolute discretion as they may deem fit or think expedient or in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 2.8 of the Circular, and the Directors of the Company be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors of the Company may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares and the new SMPC Shares to be issued pursuant to the exercise of the Warrants C shall upon allotment and issue, rank *pari passu* in all respects with the then existing issued and fully paid-up shares in the capital of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new SMPC Shares to be issued arising from the exercise of the Warrants respectively;

THAT the Rights Shares, Warrants C and new SMPC Shares to be issued arising from the exercise of the Warrants C pursuant to the exercise of the Warrants C shall be listed on the Main Market of Bursa Securities;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll upon the terms set out in the Circular with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Directors of the Company, and, subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as a consequence of any adjustments under the provisions of the Deed Poll, with full powers to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities or deemed necessary by the Directors of the Company in the best interest of the Company, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all the Rights Shares, Warrants C and new SMPC Shares to be issued arising from the exercise of the Warrants C pursuant to or in connection with the Proposed Rights Issue with Warrants have been fully allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants as well as the additional Warrants C to be issued, if any, pursuant to the adjustments in accordance with the provisions of the Deed Poll.”

BY ORDER OF THE BOARD

Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)
Chartered Secretaries

Ipoh, Perak
2 September 2014

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting the Record of Depositors as at 22 September 2014. Only a depositor whose name appears on the Record of Depositors as at 22 September 2014 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.

2. *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.*
3. *Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.*
4. *The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney must be deposited at the Company's Registered Office at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

No of ordinary shares held	CDS Account No.

I/We,, NRIC No./Company No.
(Full name in block letters)

of
(Full address)

being a member/members of SMPC CORPORATION BHD. hereby appoint

Name of proxy and 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/proxies to attend and vote for * me/us on * my/our behalf at the Extraordinary General Meeting 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 12:00 noon or immediately after the conclusion or adjournment (as the case may be) of the Thirty-Third (33rd) Annual General Meeting of our Company to be held at the same venue on the same day at 11:00 a.m., whichever is later, to vote as indicated below:

Resolution	For	Against
Ordinary Resolution - Proposed Rights Issue with Warrants		

(Please indicate with an "X" in the space provided below on 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 this day of 2014

.....
Signature of Member(s)/Common Seal

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting the Record of Depositors as at 22 September 2014. Only a depositor whose name appears on the Record of Depositors as at 22 September 2014 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.
- 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.*
- Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.*
- The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, under its Common Seal or signed by an officer or attorney so authorised.*
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney must be deposited at the Company's Registered Office at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
SMPC CORPORATION BHD. (79082-V)
55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak

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