

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

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

PART B

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

The Notice of the Thirty-Second Annual General Meeting ("AGM") of the Company to be held at Function Room 4, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Wednesday, 25 September 2013 at 11.30 a.m., together with the Form of Proxy are enclosed in this Circular. Shareholders are advised to refer to the Notice of the AGM and the accompanying Form of Proxy which are enclosed. The Form of Proxy must be lodged at the Registered Office of the Company at 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Date and time for the AGM : Wednesday, 25 September 2013 at 11.30 a.m., or any adjournment thereof

Last date and time for lodging the Form of Proxy : Monday, 23 September 2013 at 11.30 a.m.

This Circular is dated 2 September 2013

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- NOTICE OF ANNUAL GENERAL MEETING
- FORM OF PROXY
- 2013 ANNUAL REPORT REQUEST FORM

CIRCULAR TO SHAREHOLDERS

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

Note to Shareholders:

The 2013 Annual Report is enclosed in CD-ROM format. Should a printed copy of the Annual Report be required, please fill up the attached "2013 Annual Report Request Form", and forward the same to the Share Registrar. A printed copy of the Annual Report will be forwarded to you within 4 market days from the date of receipt of your request. Shareholders who require assistance with the viewing of the CD-ROM, kindly contact Ms Parimala Devi at Tel No. : 604-3987560.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second (32nd) Annual General Meeting of the Company will be held at Function Room 4, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Wednesday, 25 September 2013 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2013, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of the Directors' fee of RM88,000. **(Resolution 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

Machendran a/l Pitchai Chetty **(Resolution 2)**
Sudesh a/l K.V. Sankaran **(Resolution 3)**
Lim Ghim Chai **(Resolution 4)**
4. To consider and, if thought fit, pass a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to appoint the following persons as Director of the Company to hold office until the next Annual General Meeting of the Company:

Sanmarkan a/l T.S. Ganapathi **(Resolution 5)**
Dato' Lee Hean Guan **(Resolution 6)**
5. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. To transact any other business appropriate to an Annual General Meeting.
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-

Ordinary Resolution No. 1 - **(Resolution 8)**
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

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

**Ordinary Resolution No. 2 –
Proposed Renewal of Share Buy Back Authority**

(Resolution 9)

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

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits and/or the Share Premium Accounts of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 30 June 2013, the unaudited Retained Profits and Share Premium Account of the Company are as follows:

	<u>As at 31 March 2013</u>	<u>As at 30 June 2013</u>
Retained Profits/ (Accumulated Losses)	(RM22,442.00)	RM15,838,202.00
Share Premium	RM21,445,955.00	RM21,445,955.00

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

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

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

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

Ordinary Resolution No. 3 -

(Resolution 10)

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

“That, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies (“Related Parties”) as specified in Section 3 of Part B of the Circular to Shareholders dated 2 September 2013, provided that such arrangements and/or transactions are:

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

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

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

whichever is earlier.

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

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

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)
CHIEW CINDY (MAICSA 7057923)
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
2 September 2013

NOTES:

1. Only members whose names appear on the Record of Depositors as at 19 September 2013 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

**1) Ordinary Resolution No. 1-
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution No. 1 proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting (“AGM”) until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company (“Share Mandate”). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting (“EGM”) to approve such issuance of shares should be eliminated. The Company will have to seek shareholders’ approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 28 September 2012. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

**2) Ordinary Resolution No. 2 -
Proposed Renewal of Share Buy Back Authority**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company’s 2013 Annual Report.

**3) Ordinary Resolution No. 3 -
Proposed Renewal of Shareholders’ Mandate and New Shareholders’ Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company’s 2013 Annual Report.

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

FORM OF PROXY

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

.....of.....

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

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

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Second Annual General Meeting of the Company to be held on 25 September 2013 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
The payment of Directors' Fee	Resolution 1		
The re-election of Directors: Machendran a/l Pitchai Chetty Sudesh a/l K.V. Sankaran Lim Ghim Chai	Resolution 2		
	Resolution 3		
	Resolution 4		
The re-appointment of the following Directors in accordance with Section 129 (6) of the Companies Act, 1965 Sanmarkan a/l T S Ganapathi Dato' Lee Hean Guan	Resolution 5		
	Resolution 6		
The appointment of Auditors and their remuneration	Resolution 7		
Special Business			
Ordinary Resolution No.1 – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
Ordinary Resolution No. 2 – Proposed Share Buy Back Authority	Resolution 9		
Ordinary Resolution No. 3 – Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 10		

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

Date:

No. of shares held	
CDS A/C No.	

.....
Signature of Shareholder

NOTES

- Only members whose names appear on the Record of Depositors as at 19 September 2013 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

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80 SEN
STAMP
(Within
Malaysia)

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

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

REQUEST FORM

To : The Share Registrar
SMPC CORPORATION BHD.
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh

Tel. No. : 05-5474833

Fax No. : 05-5474363

Please send me/us a printed copy of the 2013 Annual Report.

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

Date :

Signature :

Then fold here

80 SEN
STAMP
(Within
Malaysia)

The Share Registrar
SMPC CORPORATION BHD.
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak

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CIRCULAR TO SHAREHOLDERS

in relation to

PART A

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

PART B

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

DEFINITIONS

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

- “AGM” - Annual General Meeting
- “Bursa Securities” or “the Exchange” - Bursa Malaysia Securities Berhad (635998-W)
- “Director(s)” - A director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of SMPC or any other company which is its subsidiary or holding company or a chief executive officer of SMPC, its subsidiary or holding company.
- “EPS” - Earnings per share
- “ICULS” - Zero coupon 10-year irredeemable convertible unsecured loan stock of nominal value of RM0.10 each
- “Listing Requirements” - Main Market Listing Requirements of Bursa Securities including any amendments to the Main Market Listing Requirements that may be made from time to time.
- “Major Shareholder” - Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, having an interest or interests in one or more voting shares in the Company or any other company which is its subsidiary or holding company, and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is
- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or
 - (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965.
- “NA” - Net Assets
- “Ordinary Resolution No. 2” - The Ordinary Resolution No. 2 set out in the Notice of AGM pertaining to the Proposed Share Buy Back
- “Ordinary Resolution No. 3” - The Ordinary Resolution No. 3 set out in the Notice of AGM pertaining to the Proposed Shareholders’ Mandate

DEFINITIONS (*cont'd*)

- “Person(s) Connected” - In relation to a Director or a Major Shareholder, mean such person(s) who fall(s) under one of the following categories:
- i. a family member of the Director or Major Shareholder;
 - ii. a trustee of a trust (other than a trustee for share scheme for employees or pension scheme) under which the Director, Major Shareholder or a member of the Director’s or Major Shareholder’s family is the sole beneficiary;
 - iii. a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - vi. a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of the Director or Major Shareholder;
 - vii. a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal to act;
 - viii. a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - ix. a body corporate which is a related corporation.
- “Proposed Share Buy Back” - Proposed purchase by the Company of its own Shares up to ten percent (10%) of its issued and paid-up share capital
- “Proposed Shareholders’ Mandate” - Proposed Renewal of Shareholders’ Mandate and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
- “Recurrent Related Party Transaction of a Revenue or Trading Nature” - A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of SMPC or its subsidiaries
- “Related Party” - A Director, Major Shareholder or Person Connected with such Director or Major Shareholder
- “Related Party Transaction” - A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party

DEFINITIONS (*cont'd*)

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

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PART A

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

SMPC

SMPC CORPORATION BHD.

(Company No.79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

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

2 September 2013

Board of Directors:-

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

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

Machendran a/l Pitchai Chetty (*Group Managing Director*)

Mohd Shahril Fitri Bin Hashim (*Executive Director*)

Ng Chin Nam (*Executive Director*)

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

Sanmarkan a/l T S Ganapathi (*Independent Non-Executive Director*)

Lim Ghim Chai (*Independent Non-Executive Director*)

To: The shareholders of SMPC

Dear Sir/Madam,

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

1. INTRODUCTION

At the Extraordinary General Meeting of the Company held on 28 September 2012, the Shareholders of the Company approved, inter-alia, the authorisation for the Company to buy back or hold its own shares up to a limit of not exceeding ten percent (10%) of the issued and paid up share capital of SMPC which as at 29 August 2012 was 48,439,059 Shares of RM1.00 each. The said authorisation shall, in accordance with the Listing Requirements of Bursa Securities, expire at the conclusion of the forthcoming AGM which will be held on 25 September 2013.

On 29 July 2013, your Directors announced the proposal to seek a renewal of the Share Buy Back Authority.

The purpose of this circular is to provide you with details of the Proposed Share Buy Back and to seek your approval for Ordinary Resolution No. 2 to be tabled at the forthcoming AGM.

2. DETAILS OF THE PROPOSED SHARE BUY BACK

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

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

The authority for the Proposed Share Buy Back shall commence upon passing of the Ordinary Resolution No. 2 at the AGM and shall expire at the conclusion of the next AGM of SMPC unless renewed by ordinary resolution passed at that meeting or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

3. PURCHASE PRICE

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

4. FUNDING

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

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

The Accumulated Losses / Retained Profits and Share Premium Account of the Company based on its audited financial statements and unaudited management accounts as at 31 March 2013 and 30 June 2013 respectively are as follows:

	<u>As at 31 March 2013</u>	<u>As at 30 June 2013</u>
Retained Profits /(Accumulated Losses)	(RM22,442.00)	RM15,838,202.00
Share Premium	RM21,445,955.00	RM21,445,955.00

5. IMPLICATIONS OF THE CODE

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

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

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

Based on the Company's issued and paid-up share capital and the shareholdings of the Directors and the Substantial Shareholders as at 13 August 2013, none of the Directors and Substantial shareholders of the Company (please refer Section 11) will be required to make a mandatory general offer under the above-mentioned requirements of the Code if the Proposed Share Buy Back is carried out in full.

6. TREATMENT OF SHARES BOUGHT-BACK

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

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

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

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

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

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

7. PUBLIC SHAREHOLDING SPREAD

As at 13 August 2013, the public shareholding spread of the Company was 61.39% based on the issued and paid-up share capital of 48,489,059 Shares which include the Treasury Shares amounting to 3,247,200 Shares. Assuming the Proposed Share Buy Back is fully implemented, the public shareholding spread of the Company would reduce to approximately 59.97%.

8. RATIONALE FOR THE PROPOSED SHARE BUY BACK

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

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

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

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

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

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

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

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

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

10. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY BACK

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

(i) Share Capital

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

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

	No. of Shares	RM
Issued Share Capital as at 13 August 2013 [#]	48,489,059	48,489,059
Less: No. of shares to be cancelled pursuant to the Proposed Share Buy Back	(4,848,906)	(4,848,906)
	-----	-----
Issued Share Capital upon completion of the Proposed Share Buy Back	<u>43,640,153</u>	<u>43,640,153</u>

[#] Issued Share Capital as at 13 August 2013, which includes 3,247,200 Treasury Shares

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

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

(ii) NA per share and EPS

The effect on the NA per Share of SMPC Group will depend on the purchase price of the Shares and the number of Shares purchased. However, the Proposed Share Buy Back, if exercised, is not expected to materially affect the NA per Share of SMPC Group for the financial year ending 31 March 2014 whether the Shares so purchased are retained as Treasury Shares or are cancelled or are resold in the open market.

The effect on the EPS of SMPC Group will depend on the purchase prices of the Shares, the opportunity cost and the number of Shares purchased. However, the Proposed Share Buy Back, if exercised, is not expected to materially affect the EPS of the SMPC Group for the financial year ending 31 March 2014 whether the Shares so purchased are retained as Treasury Shares or are cancelled or are resold.

(iii) Working Capital

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

(iv) Cash Flow

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

(v) Dividends

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

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

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

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

(vi) Convertible Securities

As at the 13 August 2013, the Company has a total of 20,338,186 Warrants and 228,772,769 ICULS which are outstanding and exercisable/convertible into new Shares.

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

11. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

The table below shows the direct and deemed equity interests held by the Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders as at 13 August 2013 and their pro-forma percentage shareholdings in the Company upon completion of the Proposed Share Buy Back, assuming that the Proposed Share Buy Back was carried out in full on 13 August 2013.

	Based on Issued Capital as at 13 August 2013 of 45,241,859 Shares (after excluding 3,247,200 Treasury Shares)				Based on Pro-forma Issued Capital as at 13 August 2013 of 43,640,153 (after excluding 4,848,906 Shares being cancelled) upon completion of Proposed Share Buy Back			
	Direct	%	Deemed	%	Direct	%	Deemed	%
Directors								
Sudesh a/l K.V. Sankaran	-	-	-	-	-	-	-	-
Ooi Chieng Sim	-	-	9,600,000 (1)	21.22	-	-	9,600,000 (1)	22.00
Machendran a/l Pitchai Chetty	32,916	0.07	43,600 (2)	0.10	32,916	0.07	43,600 (2)	0.10
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-	-	-
Ng Chin Nam	24,000	0.05	3,000(3)	0.01	24,000	0.06	3,000(3)	0.01
Dato' Lee Hean Guan	489,080	1.08	1,647,519(4)	3.64	489,080	1.12	1,647,519(4)	3.78
Sanmarkan a/l T S Ganapathi	-	-	-	-	-	-	-	-
Lim Ghim Chai	-	-	-	-	-	-	-	-
Substantial Shareholders								
Ooi Chieng Sim	-	-	9,600,000 (1)	21.22	-	-	9,600,000 (1)	22.00
Lim Kean Wah	2,724,000	6.02	-	-	2,724,000	6.24	-	-
Southeast Asia Special Asset Management Berhad	5,625,304	12.43	-	-	5,625,304	12.89	-	-
Skylitech Resources Sdn Bhd	7,500,000	16.58	-	-	7,500,000	17.19	-	-
CIMB Group Holdings Berhad	-	-	5,625,304 (5)	12.43	-	-	5,625,304 (5)	12.89
CIMB Group Sdn Bhd	-	-	5,625,304 (5)	12.43	-	-	5,625,304 (5)	12.89
Khazanah Nasional Berhad	-	-	5,625,304 (5)	12.43	-	-	5,625,304 (5)	12.89

11. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notes:

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

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

In the preceding twelve (12) months from August 2012 to July 2013, SMPC has purchased a total of 3,247,200 of its own Shares which have all been retained as Treasury Shares. Details of the purchases are as follows:

Date	No. of Shares Purchased	Purchase Price per Share (RM)			Total Consideration (RM)
		Lowest	Highest	Average	
August 2012	-	-	-	-	-
September 2012	-	-	-	-	-
October 2012	-	-	-	-	-
November 2012	-	-	-	-	-
December 2012	-	-	-	-	-
January 2013	-	-	-	-	-
February 2013	-	-	-	-	-
March 2013	-	-	-	-	-
April 2013					
04.04.2013	100	0.790	0.790		120.03
May 2013					
15.05.2013	45,000	0.790	0.800		36,212.99
21.05.2013	90,000	0.795	0.805		72,471.27
23.05.2013	160,000	0.800	0.800		128,934.40
June 2013					
03.06.2013	158,300	0.810	0.820		128,775.14
04.06.2013	214,600	0.805	0.810		173,496.09
06.06.2013	429,600	0.810	0.815		349,324.82
07.06.2013	450,100	0.840	0.850		380,535.99
10.06.2013	604,400	0.840	0.845		512,914.37
11.06.2013	545,100	0.840	0.845		459,853.02
12.06.2013	550,000	0.805	0.805		444,654.08
July 2013	-	-	-	-	-
	-----				-----
	3,247,200				2,687,292.20
	=====				=====

In the preceding twelve (12) months, the highest purchase price was RM0.845, the lowest purchase price was RM0.790 and the average purchase price was RM0.828.

There are currently 3,247,200 Shares held as Treasury Shares. There was no cancellation of Purchased Shares or re-sales of Treasury Shares in the preceding twelve (12) months. There was no purchase of Shares in the months of August 2012 to March 2013 and July 2013.

13. **SHARE PRICES**

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

	<u>High (RM)</u>	<u>Low (RM)</u>
<u>2012</u>		
August	0.89	0.75
September	0.85	0.50
October	0.75	0.65
November	0.75	0.69
December	0.82	0.73
	<u>High (RM)</u>	<u>Low (RM)</u>
<u>2013</u>		
January	0.76	0.70
February	0.72	0.61
March	0.75	0.60
April	0.79	0.67
May	0.81	0.67
June	0.85	0.63
July	0.76	0.71

(Source: The Star Online)

The last transacted price of SMPC Shares on 26 July 2013 being the last market day prior to the announcement made on 29 July 2013 as mentioned in Part A Section 1 of this Circular, was RM0.74.

The last transacted price of SMPC Shares on 13 August 2013 being the last practicable date prior to the printing of this circular, was RM0.76.

14. **CONDITIONS OF THE PROPOSED SHARE BUY BACK**

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

15. **DIRECTORS' STATEMENT AND RECOMMENDATION**

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

16. **AGM**

The notice of AGM that contains Ordinary Resolution No. 2 pertaining to the Proposed Share Buy Back had been incorporated into the Information on Annual General Meeting attached to this Circular.

17. **FURTHER INFORMATION**

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

Yours faithfully
For and on behalf of the Board of Directors

Sanmarkan a/ I T S Ganapathi
Independent Non-Executive Director

PART B

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE
(“PROPOSED SHAREHOLDERS' MANDATE”)**

SMPC

SMPC CORPORATION BHD.

(Company No.79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

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

2 September 2013

Board of Directors:-

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

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

Machendran a/l Pitchai Chetty (*Group Managing Director*)

Mohd Shahril Fitri Bin Hashim (*Executive Director*)

Ng Chin Nam (*Executive Director*)

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

Sanmarkan a/l T S Ganapathi (*Independent Non-Executive Director*)

Lim Ghim Chai (*Independent Non-Executive Director*)

To: The shareholders of SMPC

Dear Sir/Madam,

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

1. INTRODUCTION

At the Annual General Meeting held on 28 September 2012, the Shareholders of the Company approved, inter-alia, a Shareholders' Mandate to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature. The said mandate shall, in accordance with the Listing Requirements of Bursa Securities, expire at the conclusion of the forthcoming AGM which will be held on 25 September 2013.

On 29 July 2013, your Directors announced the Proposal to seek a Renewal of the Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The purpose of Part B of this Circular is to provide you with details of the Proposed Shareholders' Mandate and to seek your approval for the proposed Ordinary Resolution No. 3 to be tabled at our forthcoming AGM.

2. DETAILS

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

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

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

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

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

Subsidiary	Principal Activity	Effective Equity Interest (%)
Park Avenue Construction Sdn. Bhd.	Investment Holding	100.00
SMPC Dexon Sdn. Bhd.	Manufacturing and trading of steel and other types of furniture and the provision of related services	100.00
Metal Perforators (Malaysia) Sdn. Bhd.	Manufacturing and marketing of perforated metals, cable support systems and screen plates	100.00
SMPC Steel Mill Sdn. Bhd.	Dormant	100.00
SMPC Industries (India) Private Limited	Metal sheet and coil processing centre with main services in shearing and reshearing	74.00
Progerex Sdn. Bhd.	Shredding, processing and trading of ferrous and non-ferrous scrap metals	100.00
Duro Marketing (M) Sdn. Bhd.	Dormant	100.00
Duro Structural Products (M) Sdn. Bhd.	Dormant	70.00
Kembang Kartika Sdn. Bhd.	Property Development	50.01

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

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

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

- a) the conclusion of the next AGM of the Company to be held in 2014, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

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

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

3. CLASS AND NATURE OF RECURRENT RELATED PARTY TRANSACTIONS

Classes of Related Parties

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

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

Nature of Recurrent Related Party Transactions

The Proposed Shareholders' Mandate will enable SMPC Group to undertake transactions between the period of 25 September 2013 (date of AGM) to 30 September 2014 (expected date of next AGM) as follows:-

Name of Related Party	Relationship with Company-Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	*Estimated transaction value during the validity of the Proposed Shareholders' Mandate (RM)	Actual value of transacted from 28 September 2012 to latest practicable date on 13 August 2013 (RM) (A)	Estimated value as disclosed in the Circular to Shareholders dated 5 September 2012 (B)	Reasons for deviation where (A) EXCEEDS (B) by 10% or more	Frequency of transaction
SHPioneer	Dato' Lee Hean Guan <i>(being Interested Director and Shareholder)</i>	Rental of warehouse, at a monthly rental of RM55,000 (approximately 80,000 sq ft) to SHPioneer at No. 2521 Tingkat Perusahaan 6, Kawasan Perusahaan Perai, 13600 Seberang Perai Tengah	660,000	332,356	605,000	-	Monthly

Name of Related Party	Relationship with Company-Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	*Estimated transaction value during the validity of the Proposed Shareholders' Mandate (RM)	Actual value of transacted from 28 September 2012 to latest practicable date on 13 August 2013 (RM) (A)	Estimated value as disclosed in the Circular to Shareholders dated 5 September 2012 (B)	Reasons for deviation where (A) EXCEEDS (B) by 10% or more	Frequency of transaction
Limsa	Dato' Lee Hean Guan <i>(being Interested Director and Shareholder)</i>	Rental of warehouse and open yard, at a monthly rental of RM30,000 (approximately 217,800 sq ft) from Limsa at No. 1702 MK 14 Kampung Tok Suboh, Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Selatan	360,000	360,000	330,000	-	Monthly
"SHTcsb"	Dato' Lee Hean Guan <i>(being Interested Director and Shareholder)</i>	Rental of its plant and equipment for transportation of goods and services, at a monthly rental of RM42,000	504,000	N/A	N/A	N/A	Monthly

**The estimated value, which is derived from the value transacted during the financial year ended 31 March 2013 and prevailing market prices, of the Recurrent Related Party Transactions may differ from the actual value which will be disclosed in the annual report.*

Sums due and owing by the Related Parties pursuant to the Recurrent Related Party Transactions which exceeded the credit term as at the financial year ended 31 March 2013

There are no amounts due and owing by the related parties to SMPC Group pursuant to the Recurrent Related Party Transactions which exceeded the credit term as at the financial year ended 31 March 2013.

4. REVIEW PROCEDURES

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

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

- (i) A list of Related Parties has been circulated to the companies in the Group to notify that all transactions with Related Parties are required to be undertaken on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public;
- (ii) All transactions with Related Parties provided will be reviewed by one (1) senior management and the Group Managing Director. Senior management consists of a Manager/Assistant Manager and above;

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

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

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

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

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

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

5. STATEMENT BY THE AUDIT COMMITTEE

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

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

- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders, the Company will obtain a fresh shareholders' mandate based on new guidelines and procedures.

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

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

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

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

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

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

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

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

i) Rental of warehouse to SHPioneer

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

ii) Rental of warehouse and open yard from Limsa

SMPC Group had incurred the building of administrative office and storage facilities on the existing rented land and if reallocated, it would incur additional relocation costs. The rental rate is the prevailing market rate and is in the best interest to the Company and not to the detriment of the minority shareholders. If the Company is to opt for reallocation, it would experience unnecessary disruption to its daily operations as SMPC and one of its wholly-owned subsidiary which contributes approximately 35% of SMPC Group's turnover located at this premises.

iii) Rental of plant and equipment from SHTcsb

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

7. CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATE

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

8. DIRECTOR'S INTERESTS

According to the Register of Directors' Shareholdings as at 13 August 2013, the direct and indirect interests of the interested Director, persons connected to him and Related Parties are as follows:

<u>Director</u>	Based on Issued Capital as at 13 August 2013 of 45,241,859 Shares (after excluding 3,247,200 Treasury Shares)			
	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
Dato' Lee Hean Guan	489,080	1.08	1,647,519 ¹	3.64
<u>Persons Connected</u>				
Hean Brothers Holdings Sdn. Bhd.	40,480	0.08	-	-
Lagenda Perdana Sdn. Bhd.	803,839	1.78	-	-
Datin Chan Kooi Cheng ²	803,200	1.78	803,839 ³	1.78

8. DIRECTOR'S INTERESTS (Cont'd)

<u>Related Parties</u>	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
SHPioneer	-	-	-	-
Limsa	-	-	-	-
STHcsb	-	-	-	-

Notes

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

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

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

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

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

9. DIRECTORS' STATEMENT AND RECOMMENDATION

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

10. AGM

The notice of AGM that contains Ordinary Resolution No. 3 pertaining to the Proposed Shareholders' Mandate had been incorporated into the Information on Annual General Meeting attached to this Circular.

11. FURTHER INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors

Sanmarkan a/l T S Ganapathi
Independent Non-Executive Director

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

2. MATERIAL CONTRACTS

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

- (i) Debt Restructuring Agreement dated 1 November 2010 as supplemented by a Supplemental Agreement dated 20 December 2011 made between SMPC of the first part, SISB, DMI and PSB (collectively "the Subsidiaries") of the second part, SEASAM of the third part and RHB of the fourth part wherein the parties agreed that the total amount of RM79,092,622 owing by SMPC and the Subsidiaries to SEASAM and RHB which had been restructured and approved by the shareholders at the Extraordinary General Meeting held on 23 January 2012.
- (ii) Debt Restructuring Agreement dated 22 November 2011 made between SMPC of the first part, PSB of the second part and Maybank of the third part wherein the parties agreed that the debt of RM2,334,447 owing by PSB to Maybank which had been restructured and approved by the shareholders at the Extraordinary General Meeting held on 23 January 2012.
- (iii) Debt Restructuring Agreement dated 30 November 2011 made between SMPC of the first part, SISB of the second part, PSB, DMI, SMPC Marketing Sdn Bhd, Syarikat Perkilangan Besi Gaya Sdn Bhd and Machendran of the third part and Affin of the fourth part wherein the parties agreed that the interest payment for the period of two (2) years from the completion of the implementation of the Proposals on the debt of RM12,872,127 owing by SISB to Affin which had been restructured and approved by the shareholders at the Extraordinary General Meeting held on 23 January 2012.
- (iv) Deed Poll by SMPC dated 28 March 2012 to constitute up to 25,363,288 Warrants to be issued pursuant to the Corporate Exercises.
- (v) Trust Deed dated 28 March 2012 made between SMPC and Malaysian Trustees Berhad constituting up to Ringgit Malaysia Twenty Three Million Ninety Three Thousand Four Hundred and Eighty Eight (RM23,093,488) ICULS to be issued pursuant to the Rights Issue of ICULS with Warrants and the Creditors Settlement.

3. MATERIAL LITIGATION

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

SMPC Marketing Sdn Bhd (“SMSB”) v Moflex (M) Sdn Bhd (“1st Defendant”) and Maju Institute of Education (“2nd Defendant”)
Case No: 22-1522-2010.

SMSB filed a writ summons and application for injunction against the defendants on 29 November 2010, claiming for the principal sum of RM509,768.40 due to SMSB as at 17 September 2010 (together with interests, costs and reliefs as may be granted by the court) for payment of the supply and installation of furniture fittings to the defendants. SMSB obtained a judgement of default against 1st Defendant on 3 January 2011 but the 1st Defendant has filed an application to set aside the judgement of default which was granted by the Court on 25 April 2011. Meanwhile, the 2nd Defendant filed their application to strike out SMSB’s claim which was allowed by the Court on 15 June 2011 and SMSB has on 13 July 2011 filed an appeal against the Court’s decision. The case has been fully settled out of court in May 2013.

4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Memorandum and Articles of Association of SMPC;
- (ii) Audited Financial Statements of SMPC Group for the past two (2) financial years ended 31 March 2012 and 2013;
- (iii) Unaudited quarterly results ended 30 June 2013 of SMPC;
- (iv) The material contracts referred to in Section 2 of this Appendix; and
- (v) The relevant cause paper in relation to the material litigation referred to in Section 3 of this Appendix.