

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.

Bursa Malaysia Securities Berhad has not perused this Circular prior to its issuance and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INFORMATION ON ANNUAL GENERAL MEETING

AND

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

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

The Notice of the Thirty-Fourth Annual General Meeting ("AGM") of the Company to be held at Cardamom Meeting Room, Level 2, The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Penang on Wednesday, 23 September 2015 at 11.00 a.m., together with the Form of Proxy are enclosed in this Circular. Shareholders are advised to refer to the Notice of the AGM and the accompanying Form of Proxy which are enclosed. The Form of Proxy must be lodged at the Registered Office of the Company at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Faxed or emailed copies are not acceptable. 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, 23 September 2015 at 11.00 a.m., or any adjournment thereof

Last date and time for lodging the Form of Proxy : Monday, 21 September 2015 at 11.00 a.m.

This Circular is dated 27 August 2015

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CIRCULAR TO SHAREHOLDERS

- PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

Note to Shareholders:

The 2015 Annual Report is enclosed in CD-ROM format. Should a printed copy of the Annual Report be required, please fill up the attached “2015 Annual Report Request Form”, and forward the same to the Share Registrar. A printed copy of the Annual Report will be forwarded to you within 4 market days from the date of receipt of your request. Shareholders who require assistance with the viewing of the CD-ROM, kindly contact Ms Parimala Devi at Tel No. : +604-3972324.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth (34th) Annual General Meeting of the Company will be held at Cardamom Meeting Room, Level 2, The Light Hotel, Lebuhr Tenggiri 2, Bandar Seberang Jaya, 13700 Penang on Wednesday, 23 September 2015 at 11.00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2015, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of the Directors' fee of RM89,000. **(Resolution 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

Ooi Chieng Sim **(Resolution 2)**
Ng Chin Nam **(Resolution 3)**
Lim Ghim Chai **(Resolution 4)**
Chow Choon Hoong **(Resolution 5)**
4. To consider and, if thought fit, pass a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to re-appoint the following person as Director of the Company to hold office until the next Annual General Meeting of the Company:

Dato' Lee Hean Guan **(Resolution 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 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 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. The Retained Profits and Share Premium Account of the Company based on its audited financial statements as at 31 March 2015 are as follows:

	As at 31 March 2015
Retained Profits	RM19,067,840
Share Premium	RM11,787,494

- 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.”

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)

CHAN EOI LENG (MAICSA 7030866)

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia

27 August 2015

NOTES:

1. Agenda 1 is meant for discussion only as Section 169(1) of the Companies Act, 1965 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and not shareholders' approval. Hence, Agenda 1 will not be put forward for voting.
2. Only members whose names appear on the Record of Depositors as at 14 September 2015 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

EXPLANATORY NOTES TO SPECIAL BUSINESS

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

The Ordinary Resolution 1 proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting (“AGM”) until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company (“Share Mandate”). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting (“EGM”) to approve such issuance of shares should be eliminated. However, 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 26 September 2014. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

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

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company’s 2015 Annual Report.

No. of shares held	
CDS A/C No.	

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

FORM OF PROXY

I/We _____ (FULL NAME IN BLOCK CAPITALS)

NRIC No./Company No. _____ of _____

_____ (FULL ADDRESS)

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-Fourth Annual General Meeting of the Company to be held on 23 September 2015 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: Ooi Chieng Sim Ng Chin Nam Lim Ghim Chai Chow Choon Hoong	Resolution 2		
	Resolution 3		
	Resolution 4		
	Resolution 5		
The re-appointment of the following Director in accordance with Section 129(6) of the Companies Act, 1965 Dato' Lee Hean Guan	Resolution 6		
The appointment of Auditors and their remuneration	Resolution 7		
Special Business			
Ordinary Resolution 1 – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
Ordinary Resolution 2 – Proposed Share Buy Back Authority	Resolution 9		

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

Date:

.....
Signature of Shareholder

NOTES:

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- Only members whose names appear on the Record of Depositors as at 14 September 2015 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

Then fold here

80 SEN
STAMP
(Within
Malaysia)

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

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

REQUEST FORM

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

Tel. No. : 03-78418000

Fax No. : 03-78418151

Please send me/us a printed copy of the 2015 Annual Report.

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

Date :

Signature :

Then fold here

80 SEN
STAMP
(Within
Malaysia)

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

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CIRCULAR TO SHAREHOLDERS

in relation to

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

DEFINITIONS

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

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

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965.

- “NA” - Net Assets
- “Ordinary Resolution No. 2” - The Ordinary Resolution 2 set out in the Notice of AGM pertaining to the Proposed Share Buy Back
- “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;

DEFINITIONS *(cont'd)*

“Person(s) Connected” <i>(cont'd)</i>	<ul style="list-style-type: none">iii. a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;vi. a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of the Director or Major Shareholder;vii. a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal to act;viii. a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; orix. a body corporate which is a related corporation.
“Proposed Share Buy Back”	- Proposed purchase by the Company of its own Shares up to ten percent (10%) of its issued and paid-up share capital
“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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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

27 August 2015

Board of Directors:-

Ooi Chieng Sim	<i>(Executive Chairman)</i>
Ng Chin Nam	<i>(Executive Director)</i>
Mohd Shahril Fitri Bin Hashim	<i>(Executive Director)</i>
Chow Choon Hoong	<i>(Executive Director)</i>
Dato' Lee Hean Guan	<i>(Non-Independent Non-Executive Director)</i>
Dato' Dennis Chuah	<i>(Independent Non-Executive Director)</i>
Sudesh a/l K.V. Sankaran	<i>(Independent Non-Executive Director)</i>
Lim Ghim Chai	<i>(Independent Non-Executive Director)</i>

To: The shareholders of SMPC

Dear Sir/Madam,

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

1. INTRODUCTION

At the Thirty-Third Annual General Meeting held on 26 September 2014, the Shareholders of the Company approved, inter-alia, the authorisation for the Company to buy back or hold its own shares up to a limit of not exceeding ten percent (10%) of the issued and paid up share capital of SMPC which as at 18 August 2015 was 70,256,253 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 23 September 2015.

On 29 July 2015, your Directors announced the proposal to seek a renewal of the Share Buy Back Authority.

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

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

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

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

The authority for the Proposed Share Buy Back shall commence upon passing of the Ordinary Resolution 2 at the AGM and shall expire at the conclusion of the next AGM of SMPC unless renewed by ordinary resolution passed at that meeting or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

3. **PURCHASE PRICE**

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

4. **FUNDING**

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

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

The Retained Profits and Share Premium Account of the Company based on its audited financial statements as at 31 March 2015 are as follows:

	As at 31 March 2015
Retained Profits	RM19,067,840
Share Premium	RM11,787,494

5. **IMPLICATIONS OF THE CODE**

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

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

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

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

Based on the Company's issued and paid-up share capital and the shareholdings of the Directors and the Substantial Shareholders as at 31 July 2015, 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 31 July 2015, the public shareholding spread of the Company was 44.58% based on the issued and paid-up share capital of 70,256,253 Shares. Assuming the Proposed Share Buy Back is fully implemented, the public shareholding spread of the Company would reduce to approximately 38.44%.

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 31 July 2015	70,256,253	70,256,253.00
Less: No. of shares to be cancelled pursuant to the Proposed Share Buy Back	(7,025,625)	(7,025,625.00)
Issued Share Capital upon completion of the Proposed Share Buy Back	<u>63,230,628</u>	<u>63,230,628.00</u>

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

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

(ii) NA per share and EPS

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

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

(iii) Working Capital

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

(iv) Cash Flow

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

(v) Dividends

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

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

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

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

(vi) Convertible Securities

As at the 31 July 2015, the Company has a total of 21,382,993 Warrants B, 10,711,565 Warrants C and 220,642,969 ICULS which are outstanding and exercisable/convertible into new Shares.

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

11. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

The table below shows the direct and deemed equity interests held by the Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders as at 31 July 2015 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 31 July 2015.

	Based on Issued Capital as at 31 July 2015 of 70,256,253 Shares				Based on Pro-forma Issued Capital as at 31 July 2015 of 63,230,628 (after excluding 7,025,625 Shares being cancelled) upon completion of Proposed Share Buy Back			
	Direct	%	Deemed	%	Direct	%	Deemed	%
<u>Directors</u>								
Ooi Chieng Sim	3,082,186	4.39	14,542,500 (1)	20.70	3,082,186	4.87	14,542,500 (1)	23.00
Ng Chin Nam	77,349	0.11	3,412 (2)	0.00	77,349	0.12	3,412 (2)	0.01
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-	-	-
Chow Choon Hoong	-	-	-	-	-	-	-	-
Dato' Lee Hean Guan	1,226,406	1.75	1,828,005 (3)	2.60	1,226,406	1.94	1,828,005 (3)	2.89
Dato' Dennis Chuah	-	-	-	-	-	-	-	-
Sudesh a/l K.V. Sankaran	-	-	-	-	-	-	-	-
Lim Ghim Chai	-	-	-	-	-	-	-	-
<u>Substantial Shareholders</u>								
Ooi Chieng Sim	3,082,186	4.39	14,542,500 (1)	20.70	3,082,186	4.87	14,542,500 (1)	23.00
Skylitech Resources Sdn Bhd	12,153,750	17.30	-	-	12,153,750	19.22	-	-
HLS Properties Sdn Bhd	8,211,803	11.69	-	-	8,211,803	12.99	-	-
A1 Capital Sdn Bhd	4,918,129	7.00	-	-	4,918,129	7.78	-	-

Based on Issued Capital as at 31 July 2015
of 70,256,253 Shares

Based on Pro-forma Issued Capital as at
31 July 2015 of 63,230,628
(after excluding 7,025,625 Shares being
cancelled) upon completion of Proposed
Share Buy Back

Substantial Shareholders

Tan Sun Ping	4,471,015	6.36	-	-	4,471,015	7.07	-	-
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Notes:

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

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

In the preceding twelve (12) months from August 2014 to July 2015, SMPC has purchased a total of 8,798,800 of its own Shares as follows:

<u>Date</u>	<u>No. of Shares Purchased/ (Cancelled)</u>	<u>Purchase Price per Share (RM)</u>			<u>Total Consideration (RM)</u>
		<u>Lowest</u>	<u>Highest</u>	<u>Average</u>	
August 2014	-	-	-	-	-
September 2014					
03.09.2014	10,000	0.890	0.890	0.890	8,900.00
October 2014					
27.10.2014	1,156,300	0.790	0.800	0.795	925,276.34
29.10.2014	1,252,100	0.760	0.775	0.768	966,493.61
November 2014					
04.11.2014	697,000	0.770	0.770	0.770	538,661.08
December 2014					
05.12.2014	2,180,000	0.685	0.690	0.688	1,504,333.32
January 2015	-	-	-	-	-
February 2015					
23.02.2015	160,100	0.625	0.640	0.633	101,506.67
March 2015	-	-	-	-	-
April 2015	-	-	-	-	-
May 2015					
11.05.2015	60,000	0.645	0.645	0.645	38,997.44
13.05.2015	84,000	0.642	0.642	0.642	54,375.96
June 2015					
02.06.2015	1,136,900	0.670	0.675	0.673	769,835.55
03.06.2015	1,234,000	0.710	0.715	0.713	882,995.86
17.06.2015	828,400	0.635	0.645	0.640	534,807.59
July 2015	-	-	-	-	-
	<u>8,798,800</u>				<u>6,326,183.42</u>

There was no purchase of Shares in the months of August 2014, January 2015, March 2015, April 2015 and July 2015. There was no re-sale of Treasury Shares in the preceding twelve (12) months but there was a distribution of treasury shares amounting to 3,511,712 as share dividend on 5 January 2015.

The remaining treasury shares amounting to 7,721,756 were cancelled on 25 June 2015.

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>2014</u>		
August	0.90	0.81
September	1.00	0.83
October	1.06	0.73
November	0.83	0.69
December	0.69	0.60
<u>2015</u>		
January	0.67	0.54
February	0.64	0.59
March	0.66	0.57
April	0.81	0.55
May	0.70	0.61
June	0.75	0.58
July	0.65	0.61

(Source: Yahoo!Finance)

The last transacted price of SMPC Shares on 29 July 2015 being the last market day prior to the announcement made on 29 July 2015 as mentioned in this Circular, was RM0.64.

The last transacted price of SMPC Shares on 19 August 2015 being the last practicable date prior to the printing of this circular, was RM0.58.

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

Dato' Dennis Chuah
Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

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

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

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

1. RM1,000,000 on or before 15 April 2014; and
 2. Balance of RM1,000,000 to be settled within 12 months from 19 March 2014. A balance amount of RM697,143 receivable from Select Galva is delayed due to an ongoing internal restructuring in SMPCI. The balance amount will be received in the next financial year end.
- (ii) Sale and Purchase Agreement dated 05 January 2015 made between SMPC Industries Sdn Bhd and Kembang Kartika Sdn Bhd, both are wholly-owned subsidiaries of SMPC Corporation Bhd, for the disposal of property held under title GM3885 Lot 717, Batu 5½ Jalan Kapar, Mukim Kapar, Daerah Klang, Negeri Selangor for a disposal price at Net Book Value of RM10,134,636. The transfer is still pending for approval from Inland Revenue on waiver of Real Property Gains Tax (RPGT).

3. MATERIAL LITIGATION

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

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

3. MATERIAL LITIGATION (Cont'd)

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

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

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

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

The Company, SISB and OCS have also filed an application for transfer of proceedings to Penang Court on 8 August 2014 which was eventually dismissed with costs in the cause. Subsequently a Consent Judgement has been entered between the Plaintiff and Affin on 17 September 2014, whereby Affin has agreed to discharge the Plaintiff as the guarantor.

Thereafter, the Plaintiff has filed an application to amend his Statement of Claim on 4 November 2014 and the said application was granted on 5 December 2014.

Upon receiving the Plaintiff's amended Statement of Claim dated 5 December 2014 and filing our amended Defence on 19 December 2014, Plaintiff has then filed in an application for discovery of documents against the Company and SISB. However, Plaintiff's application for discovery of documents was dismissed with costs of RM3,000 payable to the Company and SISB on 9 February 2015.

In the meantime, the Company has also filed application to add in a counter claim against the Plaintiff for the sum of RM450,349.80 pursuant to the terms in the Cooperation Agreement dated 7 June 2011, whereupon the Plaintiff has agreed to the application.

Full trial has commenced and the Plaintiff has been called as witness on 23 and 24 March 2015. Subsequently, the full trial continued on 9 and 10 July, 24 July 2015 and 17 August 2015.

The full trial shall be continued on 27 August 2015.

The Court has further fixed the full trial on 18, 19 and 20 January 2016.

3. **MATERIAL LITIGATION (Cont'd)**

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

On 9 July 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn. Bhd. (“PAC”) (“Plaintiff”) have filed a civil suit against Machendran a/l Pitchai Chetty (“Defendant”) to recover the sum of RM279,696.00 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

Subsequently the matter has been transferred to Butterworth Sessions’ Court and thereafter the Defendant has filed his Defence and Counter Claim on 29 September 2014. Amongst his Counter Claim was for the outstanding salary of RM156,455.65 together with EPF which were due and owed by the Company and PAC. The Company and PAC then filed their Reply and Defence towards Defendant’s Counter Claim on 17 October 2014.

In the midst of preparing bundle of documents, Defendant has filed an application to amend his Defence and Counter Claim on 15 January 2015, whereby the Company has no objection against the application.

As the claim and Counter Claim are above RM250,000.00, the Sessions Court Judge has transferred the matter to Sessions Court 1.

The matter was fixed for mention on 7 August 2015. The next mention date is fixed on 23 September 2015 for parties to compile the Common Agreed Bundle of Documents.

4. **DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) Memorandum and Articles of Association of SMPC;
- (ii) Audited Financial Statements of SMPC Group for the past two (2) financial years ended 31 March 2014 and 2015;
- (iii) The material contracts referred to in Section 2 of this Appendix; and
- (iv) The relevant cause paper in relation to the material litigation referred to in Section 3 of this Appendix.

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