



SMPC CORPORATION BHD
(Company No. 79082 V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Suite 18.05, MWE Plaza,
No.8, Lebuhr Farquhar,
10200 Penang

Date: 7 July 2004

Board of Directors

Machendran a/l Pitchai Chetty (*Chairman*)
Ibrahim Hussain (*Managing Director*)
Nagarajan a/l Thambiah (*Independent Non-Executive Director*)
Sanmarkan a/l T S Ganapathi (*Independent Non-Executive Director*)
Dhanabalan a/l M. Pitchai Chetty (*Executive Director*)

To: The Shareholders of SMPC

Dear Sir/Madam,

PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE NECESSARY FOR DAY -TO-DAY OPERATIONS

1. INTRODUCTION

At the Annual General Meeting held on 28 July 2003, your Board obtained a mandate from the Company's shareholders to undertake the Proposed Shareholders' Mandate. The authority to undertake the Proposed Shareholders' Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless the authority is renewed by a resolution passed at the meeting.

Consequently, on 28 May 2004, SMPC announced that the Company proposes to seek a renewal of the shareholders' mandate in order to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group in compliance with paragraph 10.09, Part E of Chapter 10 of the Listing Requirements.

The shareholders' mandate will take effect from the date of the passing of the ordinary resolution proposed at the forthcoming AGM and is subject to annual renewal. In this respect, the mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of SMPC following the AGM at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting; or

- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,
- whichever is the earlier.

Disclosure will be made in the annual report of the Company and in the annual reports for the subsequent financial years during which a shareholders' mandate is in force in respect of the breakdown of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, the type of Recurrent Related Party Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and the nature of their relationship with the Company.

The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the resolution to be tabled at the forthcoming Twenty-third AGM of SMPC to be convened on Thursday, 29 July 2004 at 11.00 a.m. An Extract of the Notice of Twenty-third AGM is enclosed in this Circular.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Part E, Chapter 10.09 of the Listing Requirements

Under Part E, paragraph 10.09 of Chapter 10 of the Listing Requirements, where there are related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations, the Company may seek a shareholders' mandate in respect of such transactions 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;
- (c) The issuance of a Circular to shareholders which includes information as set out in the Listing Requirements; and
- (d) The interested director, interested major shareholder or interested person 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 approving the transactions. An interested director or interested major shareholder must ensure that persons connected with the interested director or interested major shareholder abstains from voting on the resolution approving the transactions.

2.2 The companies within the Group in which the Proposed Shareholders' Mandate are applicable

The principal activities of the Company are investment holding, letting of industrial and commercial assets and management consultancy while its subsidiaries are involved in operation of metal sheet and coil processing centre, manufacture of steel roofing, wall cladding sheets and other steel related products and provision of related services.

Due to the diversity and size of the Group, the Group, in the ordinary course of business, enters into transactions with classes of related party as set out in Section 2.3. The subsidiaries of SMPC are as follows:-

<u>Name of subsidiaries</u>	<u>Effective interest (%)</u>	<u>Principal activities</u>
SISB	100	Metal sheet and coil processing centre with main services in shearing, down-shearing, slitting and steel strapping and manufacturing of steel tubes, tubular and steel furniture and trading of steel related material.
SMPC Mktg	100	Trading in building materials, such as wire rods, steel pipes etc, hardware items such as steel tubes and steel channels etc, and mining requisites, steel plates.
DMI	100	Manufacture of steel roofing, wall cladding sheets and other steel related products, such as round bar, poly shaft and provision of related services such as fixing of steel roofing.
DM (wholly owned by DMI)	100	Trading in steel roofing, construction material, such as steel building material and provision of related services, such as forming, assembling, fixing and dismantling of steel roofing.
Syarikat Perkilangan Besi Gaya Sdn Bhd	100	Drawing, straightening and cutting of iron rods and wire related products.
Progerex Sdn Bhd (wholly owned by SMPC Mktg)	100	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Edit Systems (M) Sdn Bhd	70	Operation of an educational institution.
Besi Gaya (Klang) Sdn Bhd (a subsidiary of Syarikat Perkilangan Besi Gaya Sdn Bhd)	51	Manufacture of steel stirrups for the construction industry.
DSP (a subsidiary of DMI)	70	Trading in steel roofing and manufacturing of floor decks and structures for steel roofing and wall cladding.

2.3 The Class of the related party with whom the transactions will be carried out

The Proposed Shareholders' Mandate would apply to transactions with the Related Parties comprising of Directors, Major Shareholders or persons connected with such Directors or Major Shareholders of the Company and which includes any person who is or was within the preceding 12 months of the date on which the terms of the transactions were agreed upon, a Director or major shareholder of the Company or any other company which is its subsidiary. Such Related Parties are those described below-

a) Interested Directors

1. Mr. Machendran a/l Pitchai Chetty
2. Mr. Dhanabalan a/l M. Pitchai Chetty
3. Mr. Cheng Kien Wing

Mr. Machendran a/l Pitchai Chetty is the Chairman and a major shareholder of SMPC by virtue of his deemed interest in SMPC held through KPSB and SMPCSB. He is also brother to Mr. Dhanabalan a/l M. Pitchai Chetty, who is an Executive Director of the Company. He is therefore deemed interested in the Proposed Shareholders' Mandate.

Mr. Dhanabalan a/l M. Pitchai Chetty is an Executive Director and a major shareholder of SMPC by virtue of his deemed interest in SMPC through KPSB and SMPCSB. He is also brother to Mr. Machendran a/l Pitchai Chetty, who is the Chairman of the Company. He is therefore deemed interested in the Proposed Shareholders' Mandate.

Mr. Cheng Kien Wing is a Director of DMI and DM, the subsidiaries of the Company. He is also a shareholder in SMPC.

The details of shareholdings in SMPC held by the interested Directors of SMPC as at 9 June 2004 are as follows:-

<u>Name of Directors</u>	β -----Direct-----à		β -----Indirect-----à	
	No. of shares <u>held</u>	%	No. of shares <u>held</u>	%
Machendran a/l Pitchai Chetty	265,347	0.41	13,706,529*	21.20
Dhanabalan a/l M. Pitchai Chetty	-	-	13,706,529*	21.20
Cheng Kien Wing	882,366	1.36	-	-

* Deemed interested by virtue of their interests in KPSB and SMPCSB

b) Interested Major Shareholder

1. KPSB

The details of shareholding in SMPC held by the interested Major Shareholder of the Company as at 9 June 2004 is as follows:-

<u>Name of Major Shareholder</u>	β -----Direct-----à		β -----Indirect-----à	
	No. of shares held	%	No. of shares held	%
KPSB	13,693,734	21.18	12,795*	0.02

*By virtue of its subsidiary, SMPCSB's interest in the Company, KPSB is deemed to have interests in these shares.

c) Persons and corporation connected to Directors and Major Shareholders

<u>Name</u>	<u>Relationship</u>
1. PMSB	PMSB is a person connected to the major shareholder of SMPC, namely KPSB as its 100% shareholdings are held by KPSB. Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty who are directors of SMPC, are also directors and deemed to have an interests in PMSB by virtue of their interests held through KPSB.
2. SMPCSB	SMPCSB is a person connected to the major shareholder of SMPC, namely KPSB as its 100% shareholdings are held by KPSB. Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty who are directors of SMPC, are also directors in SMPCSB and deemed to have an interest by virtue of their interests held through KPSB.
3. Yee Hup Construction Co. (Yee Hup)	Mr. Cheng Kien Wing, a director of DMI and DM, is the sole proprietor of Yee Hup.

The details of shareholdings of the persons and corporations connected to Directors and Major Shareholders of SMPC in the Company as at 9 June 2004 are as follows:-

<u>Name</u>	β ----Direct--à		<---Indirect--à	
	No. of shares held	%	No. of shares held	%
PMSB	-	-	-	-
SMPCSB	12,795	0.02	-	-
Yee Hup	-	-	-	-

The principal activity of the corporations connected to Directors and Major Shareholders of SMPC are as follows:-

<u>Name</u>	<u>Principal activities</u>
1. PMSB	Manufacturing of steel tubes and pipes and rental of certain equipment for the purpose of manufacturing of steel tubes.
2. SMPCSB	Investment and rental of property
3. Yee Hup	Trading in steel material & building contractors

A schematic diagram showing class of related party with whom the transactions have or will be carried out are as follows:-

Name and Class of Related Parties	SMPC	KPSB	PMSB	SMPCSB	Yee Hup
Machendran a/l Pitchai Chetty 〈 Director 〈 Shareholder	Yes Yes	Yes Yes	Yes No	Yes No	No No
Dhanabalan a/l M. Pitchai Chetty 〈 Director 〈 Shareholder	Yes No	Yes Yes	Yes No	Yes No	No No
Cheng Kien Wing 〈 Director 〈 Shareholder	No Yes	No No	No No	No No	Sole Proprietor

2.4 The nature of related party transactions contemplated under the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate sets forth the shareholders' mandate relating to the Recurrent Related Party Transactions within the SMPC Group for a period from the forthcoming AGM to the date of the Company's next AGM as follows:

	Nature of Transaction[^]	Interested Related Parties*	Estimated Value during validity of the Proposed Shareholders' Mandate from date of forthcoming AGM to the next AGM # (RM)
1.	Rental of equipment from PMSB to SISB ⁽ⁱ⁾ for the purpose of manufacturing of steel tubes, tubular and steel furniture.	〈 KPSB 〈 Machendran a/l Pitchai Chetty 〈 Dhanabalan a/l M. Pitchai Chetty 〈 SMPCSB 〈 PMSB	1,440,000

	Nature of Transaction [^]	Interested Related Parties*	Estimated Value during validity of the "Proposed Shareholder Mandate from date of forthcoming AGM to the next AGM # (RM)
2.	Sale of steel material from SISB to PMSB ⁽ⁱⁱ⁾	< KPSB < Machendran a/l Pitchai Chetty < Dhanabalan a/l M. Pitchai Chetty < SMPCSB < PMSB	2,000,000
3.	Rental of premises (house) which is located at Taman Ceri, Butterworth for a period of 2 years commencing from 01.02.2004 and expiring on 31.01.2006 for the purpose of dwelling at a monthly rental of RM 1,000.00 pursuant to the Tenancy Agreement dated 1 February 2004. The rental was based on the existing market rate at the area concerned. The landlord is SMPCSB and the tenant is SISB and the size of the premise is 950 sq. ft.	< KPSB < Machendran a/l Pitchai Chetty < Dhanabalan a/l M. Pitchai Chetty < SMPCSB < PMSB	12,000
4.	Sale of steel materials such as steel roofing sheets from DMI to Yee Hup	< Cheng Kien Wing < Yee Hup	2,000,000
5.	Sale of steel materials such as structural floor deckings and purlins from DM to Yee Hup for the purpose of construction of buildings ⁽ⁱⁱⁱ⁾	< Cheng Kien Wing < Yee Hup	500,000

Note:-

- * Kindly refer to Section 2.3 of this circular on the relationship of the interested related parties.
- # For the period from 29 July 2004 (being the date of the forthcoming AGM) to the date of the Company's next AGM to be held in year 2005. The estimated values are based on the expected values of the transactions over the course of this period as determined by the Group's management.
- [^] A mandate has been granted by the shareholders to allow the Company and its subsidiaries to carry the recurrent related party transactions as shown above at the Annual General Meeting held on 28 July 2003.

Additional Explanatory notes for the transactions :-

- (i) The rental of equipment comprise of Dewas ERW Tube Mill, Kusakabe ERW Tube Mill for the purpose of manufacturing of steel tubes.

- (ii) The sale of steel material to PMSB comprise mainly of mild steel plates, cold rolled steel plates for the purpose of manufacturing tubes.
- (iii) Yee Hup is a contractor directly involved in projects, which procure steel material from various suppliers including DM. DM is involved in marketing steel material viz roofing sheets and structural floor decking which are supplied to contractors with projects including Yee Hup.

2.5 Review Procedures and Practices for Related Party Transactions

To ensure that the Recurrent Related Party Transactions of the Group are conducted at arms-length basis and on normal commercial terms which are consistent with the Group's usual business practices, on terms not more favourable to the related party than those generally available to the third parties / public and are not detrimental to the minority shareholders of the Company, the following procedures will apply to the review and approval of Recurrent Related Party Transactions:-

- a) The Group will maintain a record of recurrent related party transactions.
- b) All members of the Board who have an interest in the transactions to be reviewed, shall declare their interest in the transactions and abstain from deliberations and voting in respect of the related party transactions.
- c) The Audit Committee shall review on a quarterly basis any related party transactions that may arise within the Company or SMPC Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders of the Company.
- d) The Company will disclose in its Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year (or financial period, as the case may be) to which the Annual Report relates, so long as the Shareholders' Mandate continues in force.
- e) The methods and procedures on which the price of transaction are to be determined by market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply, quality and delivery of the products of the domestic market and subject to the availability of the products.

2.6 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.5 above and are of the view that the said procedures should be sufficient to ensure that the recurrent related party transactions are not more favourable to related party than those generally available to the public and are not to the detriment of the minority shareholders.

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

The Recurrent 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 with some degree of frequency and arise at any time or from time to time. 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 before entering into such Recurrent Transactions. As such, the Board is seeking a shareholders' mandate pursuant to Part E, paragraph 10.09 of Chapter 10 of the Listing Requirements for the Recurrent Related Party Transactions (as

described in Section 2.4) to allow the Group to enter into such Recurrent Related Party Transactions made on an arms-length basis and on normal commercial terms 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.

The SMPC Group has a long-standing business relationship with the Related Parties. The Recurrent Related Party Transactions entered into by the SMPC Group with the Related Parties are to enhance its ability to explore beneficial business opportunities. Furthermore, the Related Parties have long established themselves in the steel industry and thus has the expertise and resources required to carry out the works with utmost expertise.

The long established relationships have been beneficial to the SMPC Group throughout these years such as:-

- a) The Group benefits from better utilization and allocation of resources.
- b) Due to in-depth understanding of the Group's environment of steel industry and also long established relationship, prompt and better services in terms of delivery and support are obtained and also prompt payment by the Related Party within the credit term given by the Group;
- c) The rental of premises with the Related Party was mainly due to close proximity to the factory premises of the Company in Prai and Bukit Tengah Industrial Estate and availability of storage space.

The goods and services provided by the Related Parties are priced competitively and all transactions between the SMPC Group and the Related Parties are carried out on an arms-length basis on normal commercial terms on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders. As the close co-operation between the SMPC Group and the Related Parties have reaped mutual benefits for the past years and is expected to continue to be of benefit to the business of the SMPC Group, therefore, SMPC Group would like to seek approval for the Proposed Shareholders Mandate.

The shareholders' mandate shall continue to be in force until the next AGM following the AGM approving the shareholders' mandate and shall be renewable at each general meeting of the Company thereafter. Disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during each financial year.

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 will 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.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the issued and paid-up share capital of SMPC and is not expected to have any material effect on the NTA per share and earnings per share of the Group.

5. **CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is subject to and conditional upon approvals being obtained from the shareholders of SMPC at the forthcoming AGM under the agenda as Special Business.

6. **DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save as disclosed below, none of the Directors and Major shareholders or persons connected to them as defined in the Listing Requirements have any interest, directly and/or indirectly, in the Proposed Shareholders' Mandate:-

- (i) **Mr. Machendran a/l Pitchai Chetty** is a Chairman and a major shareholder of SMPC by virtue of his deemed interests held through KPSB and SMPCSB in the Company. Mr. Machendran is also a Director of certain Related Parties namely, KPSB, PMSB and SMPCSB (details of which are set out in Section 2.3 of this Circular) and therefore deemed interested in the Proposed Shareholders' Mandate and will continue to abstain from Board deliberations with regards to the Proposed Shareholders' Mandate. He will also abstain from voting, with regards to his direct and indirect interest in SMPC, on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.
- (ii) **Mr. Dhanabalan a/l M. Pitchai Chetty** is an Executive Director and a major shareholder of SMPC by virtue of his deemed interests held through KPSB and SMPCSB. Mr. Dhanabalan is also a Director of certain Related Parties namely KPSB, PMSB and SMPCSB (details of which are set out in Section 2.3 of this Circular) and therefore deemed interested in the Proposed Shareholders' Mandate and will continue to abstain from Board deliberations with regards to the Proposed Shareholders' Mandate. Mr. Dhanabalan is also a director of KPSB. He will also abstain from voting, with regards to his indirect interest in SMPC, on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.
- (iii) **Mr. Cheng Kien Wing** is a Director of DMI and DM, the subsidiaries of the Company. He is also a shareholder in SMPC. He will also abstain from voting with regards to his direct interest in SMPC, on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.
- (iv) The interested major shareholders namely **KPSB**, will abstain from voting in respect of its direct and indirect interests (details of which are set out in Section 2.3 of this Circular) on the relevant resolutions pertaining to the Proposed Shareholders' Mandate.
- (v) The interested Directors and/or interested major shareholders of the SMPC Group have undertaken to ensure that all the persons connected to them, namely **SMPCSB** will abstain from voting in respect of its direct interests on the relevant resolutions pertaining to the Proposed Shareholders' Mandate in which they are interested at the forthcoming AGM.

7. **DIRECTORS' RECOMMENDATION**

The Directors of the Company, (with the exception of Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty) having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate are in the best interest of the Company and its shareholders. Accordingly, they (with the exception of Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty who being interested

parties to the Proposed Shareholders' Mandate have abstained from expressing a recommendation relating to the Proposed Shareholders' Mandate in which they are interested) recommend that you vote in favour of the Ordinary Resolutions for the Proposed Shareholders' Mandate to be tabled at the forthcoming Twenty-third AGM of the Company.

8. AGM

The Twenty-third AGM, the Notice of which is set out in the 2004 Annual Report and an extract of which in relation to the Proposed Shareholders' Mandate is also enclosed in this Circular, will be held at Kuang Room (Lobby Level), Hotel Equatorial, No. 1, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Thursday, 29 July 2004 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the ordinary resolutions to give effect to the Proposed Shareholders' Mandate.

A Form of Proxy is enclosed which you are urged to complete and deposit at the Registered Office at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang not less than forty-eight (48) hours before the time set for the Twenty-third AGM or any adjournment thereof. The lodging of the Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

9. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board

SANMARKAN A/L T S GANAPATHI
Independent Non-Executive Director

FURTHER INFORMATION

1. 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 in the Circular and confirm that, after having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

The SMPC Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular.

3. MATERIAL LITIGATIONS

As at the date of this Circular, the SMPC Group is not involved in any material litigation, claims & arbitration either as plaintiff or defendant, which had or may have a material effect on the financial positions of the SMPC Group and their Directors are not aware of any proceedings, pending or threatened against the SMPC Group or of any facts likely to give rise to any proceedings which materially and adversely affect the position or business of the SMPC Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at SMPC's Registered Office at Suite 18.05, MWE Plaza, No.8, Lebuhr Farquhar, 10200 Penang from the date of this Circular to the date of the forthcoming AGM.

- (i) The Memorandum and Articles of Association of SMPC;
- (ii) The Audited Financial Statements of SMPC for the past three (3) years ended 31 January 2004; and
- (iii) The unaudited quarterly financial results for the period ended 30 April 2004.



SMPC CORPORATION BHD

(Company No. 79082 V)
(Incorporated in Malaysia)

EXTRACT OF THE NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-third Annual General Meeting of **SMPC CORPORATION BHD** will be held at Kuang Room (Lobby Level), Hotel Equatorial, No. 1, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Thursday, 29 July 2004 at 11.00 a.m. for the following purposes: -

5. AS SPECIAL BUSINESS:-

(ii) ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING KUMPULAN PITCHAI SDN BHD, S. M. PITCHAI CHETTIAR SDN BHD, PITCHAI METAL SDN BHD, MR. MACHENDRAN A/L PITCHAI CHETTY AND MR. DHANABALAN A/L M. PITCHAI CHETTY.

THAT approval be and is hereby given to the Company's subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature with Kumpulan Pitchai Sdn Bhd, S. M. Pitchai Chettiar Sdn Bhd, Pitchai Metal Sdn Bhd, Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty (hereinafter referred to as "Related Parties") as specified in Section 2.4 of the Circular dated 7 July 2004, and falling within the ambit of Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements of the Bursa Malaysia Securities Berhad, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company;

THAT such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, where this mandate was passed, at which time it will lapse, unless by a resolution passed at the next AGM whereby the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting;

whichever is the earlier date;

THAT the above mandate is subject to annual renewal and disclosure will be made in the annual report of the aggregate value of transactions conducted by the Group.

AND THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate.

(iii)ORDINARY RESOLUTION NO. 3

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING YEE HUP CONSTRUCTION CO. AND MR. CHENG KIEN WING

THAT approval be and is hereby given to the Company's subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature with Yee Hup Construction Co. and Mr. Cheng Kien Wing (hereinafter referred to as "Related Parties") as specified in Section 2.4 of the Circular dated 7 July 2004 , and falling within the ambit of part E, paragraph 10.09 of Chapter 10 of the Listing Requirements of the Bursa Malaysia Securities Berhad, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company;

THAT such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, where this mandate was passed, at which time it will lapse, unless by a resolution passed at the next AGM whereby the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting;

whichever is the earlier date;

THAT the above mandate is subject to annual renewal and disclosure will be made in the annual report of the aggregate value of transactions conducted by the Group.

AND THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate.

By Order of the Board

THUM SOOK FUN
(MAICSA 7025619)
Company Secretary

Penang

Dated: 7 July 2004

Explanatory Notes to Special Business:

Ordinary Resolutions 2 and 3

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

The Ordinary Resolutions proposed under item 5(ii) and item 5(iii) are to renew the shareholders' mandate which have been granted by the shareholders of the Company at the Twenty-second Annual General Meeting held on 28 July 2003 for the recurrent related party transactions of a revenue or trading nature.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1) (a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company is an authorised nominee as defined under The Central Depositories Act, he may appoint at least one proxy in respect of each Securities Account he holds with ordinary shares in the Company standing to the credit of the said Securities Account.
3. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. All proxy forms must be duly executed and deposited at the registered office of the Company at Suite 18.05, MWE Plaza, No. 8 Lebu Farquhar, 10200 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.