

**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 advisers immediately.

If you have sold or transferred all your ordinary shares in SMPC Corporation Bhd, you should at once hand this Circular together with the enclosed Form of Proxy to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

**THE APPROVAL OF THE SECURITIES COMMISSION SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE PROPOSED RESTRICTED ISSUE TO BE UNDERTAKEN BY SMPC CORPORATION BHD AS CONTAINED IN THIS CIRCULAR.** Shareholders should rely on their own evaluation to assess the merits and demerits of the proposals.

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**SMPC CORPORATION BHD**

Company No.: 79082-V

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

- **PROPOSED RESTRICTED ISSUE OF 10,000,000 NEW SMPC ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.00 PER SHARE; AND**
- **PROPOSED AMENDMENTS TO THE BY-LAWS OF THE EXISTING EMPLOYEE SHARE OPTION SCHEME**

Adviser



MIMB

**MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD**

(Company No. 10209-W)

A member of EON Bank Group

The Notice of Extraordinary General Meeting of SMPC Corporation Bhd which will be held at Matahari III, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 22 October 2003 at 11.30 a.m., is enclosed together with the Form of Proxy in this Circular. The Form of Proxy should be lodged at the Registered Office of the Company at Suite 18.05 MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang, not later than forty-eight (48) hours before the time appointed for holding the meeting. 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.

This Circular is dated 7 October 2003

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“SMPC” or the “Company”	:	SMPC Corporation Bhd (79082-V)
“SMPC Group” or the “Group”	:	SMPC and its subsidiary companies
“Act”	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual general meeting
“CDS”	:	Central Depository System
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“ESOS”	:	Employee share option scheme
“Existing By-Laws”	:	The by-laws of the Existing ESOS
“Existing ESOS”	:	The ESOS which was implemented by SMPC on 11 April 2001 and expiring on 10 April 2006, unless extended for a further period of 5 years
“HSBC”	:	HSBC Bank Malaysia Berhad (127776-V)
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“LPS”	:	Loss per share
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W)
“MIMB”	:	Malaysian International Merchant Bankers Berhad (10209-W)
“MITI”	:	Ministry of International Trade and Industry
“NTA”	:	Net tangible assets
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Proposals”	:	The Proposed Amendments and the Proposed Restricted Issue collectively
“Proposed Amendments”	:	The proposed amendments to the Existing By-Laws
“Proposed Restricted Issue”	:	The proposed restricted issue of 10,000,000 new SMPC shares at an issue price of RM1.00 per share
“Restricted Issue Shares”	:	The Proposed Restricted Issue shares
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Revised ESOS Guidelines”	:	Revised edition of the SC Guidelines on ESOS issued on 1 April 2003

**DEFINITIONS** (*Continue*)

- “SC” : Securities Commission
- “SC Guidelines” : Policies and Guidelines on Issue/Offer of Securities issued by the SC as amended or expanded from time to time
- “share(s)” : Ordinary share(s) of RM1.00 each

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# SMPC CORPORATION BHD

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

## BOARD OF DIRECTORS :

Machendran a/l Pitchai Chetty (*Executive Chairman*)  
Ibrahim Hussain (*Managing Director*)  
Dhanabalan a/l M. Pitchai Chetty (*Executive Director*)  
Makhtar Bin Mohamed (*Executive Director*)  
Takatoshi Kaneko (*Independent Non-Executive Director*)  
Sanmarkan a/l T S Ganapathi (*Independent Non-Executive Director*)  
Nagarajan a/l Thambiah (*Independent Non-Executive Director*)  
Ramakrishnan a/l Thangasamy Chettiar (*Alternate Director to Machendran a/l Pitchai Chetty*)

## REGISTERED OFFICE :

Suite 18.05 MWE Plaza  
No. 8 Lebuhr Farquhar  
10200 Penang

7 October 2003

## To : The Shareholders of SMPC Corporation Bhd

Dear Sir/Madam,

- 
- **PROPOSED RESTRICTED ISSUE OF 10,000,000 NEW SMPC ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.00 PER SHARE**
  - **PROPOSED AMENDMENTS TO THE BY-LAWS OF THE EXISTING EMPLOYEE SHARE OPTION SCHEME**
- 

### 1.0 INTRODUCTION

On behalf of the Board of Directors of SMPC, MIMB had on 27 June 2003 announced to the KLSE that the Company is proposing to undertake the following:-

- (a) the proposed restricted issue of 10,000,000 new SMPC shares at an issue price of RM1.00 per share to HSBC which will effectively convert an amount owing to HSBC of RM10 million into equity in SMPC; and
- (b) the proposed amendments to the by-laws of the Existing ESOS.

The purpose of this Circular is to provide you with information on the Proposals and to seek your approval for the ordinary resolutions to be tabled at the forthcoming EGM of the Company to be convened to give effect to the Proposals. The Notice of EGM together with the accompanying Form of Proxy is enclosed with this Circular.

### 2.0 PROPOSED RESTRICTED ISSUE

#### 2.1 Details of the Proposed Restricted Issue

SMPC is proposing to issue 10,000,000 new SMPC shares of RM1.00 each to be credited as fully paid-up at an issue price of RM1.00 per share to HSBC. HSBC has agreed, inter-alia, to accept the Restricted Issue Shares as full and final settlement of an amount owing to HSBC of RM10 million by SMPC. The RM10 million loan forms part of the total amount owing to HSBC of RM42.6 million, which was mainly utilised by the Company for working capital purposes.

In view of the debt equity conversion, the Proposed Restricted Issue will not raise any cash proceeds to SMPC.

An application to the KLSE for the listing of and quotation for the Restricted Issue Shares on the Second Board of the KLSE will be made after approval from the shareholders of SMPC has been obtained at the forthcoming EGM to be convened.

The Proposed Restricted Issue is expected to be completed by the last quarter of the financial year ending 31 January 2004.

## 2.2 Issue Price of the Restricted Issue Shares

The issue price for the Restricted Issue Shares is fixed at RM1.00 per share, being the par value of SMPC shares. The issue price of RM1.00 represents a premium of RM0.24 or 31.58% over the closing market price of SMPC shares on 26 June 2003 of RM0.76, being the last market day immediately prior to the announcement on 27 June 2003.

## 2.3 Rationale of the Proposed Restricted Issue

The Proposed Restricted Issue will enable the SMPC Group to reduce its gearing position as the Proposed Restricted Issue will effectively convert an amount owing to HSBC of RM10 million into equity in SMPC, giving rise to savings in interest expenses. This will also reduce the cash requirement of the Group as the outstanding loan need not be repaid in cash. As at 22 September 2003, the total borrowings of the Group is RM126,057,972.

## 2.4 Ranking of Shares

The Restricted Issue Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up shares of SMPC except that they will not be entitled to any dividend, rights, allotment and/or distribution which may be declared, made or paid, the entitlement date of which is before or on the date of allotment of the new SMPC shares.

## 2.5 Brief Information on HSBC

Information on HSBC, as at 22 September 2003, is as follows:-

Principal activity	:	Banking and related financial services which also include Islamic banking business
Authorised share capital	:	500,000,000 ordinary shares of RM0.50 each 500,000,000 preference shares of RM0.50 each
Issued and paid-up capital	:	114,500,000 ordinary shares of RM0.50 each

Based on the Register of Directors' Shareholdings as at 22 September 2003, the Directors of HSBC and their respective shareholdings are as follows:-

Director	-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Aman Mehta	-	-	-	-
Henry Sackville Barlow	-	-	-	-
Zarif Jal Cama	-	-	-	-
John Edward Coverdale	-	-	-	-
Douglas Jardine Flint	-	-	-	-
Dr Mohamed Ariff bin Abdul Kareem	-	-	-	-
Tan Sri Datuk Dr Augustine Ong Soon Hock	-	-	-	-
Ramli bin Ibrahim	-	-	-	-
Dato' Sulaiman bin Sujak	-	-	-	-
Datuk Dr Zainal Aznam bin Mohd Yusof	-	-	-	-

Based on the Register of Substantial Shareholders as at 22 September 2003, the substantial shareholders of HSBC and their respective shareholdings (not less than 5%) are as follows:-

Substantial Shareholders	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
HSBC Holdings BV	114,500,000	100	-	-
HSBC Holdings plc	-	-	114,500,000 <sup>(a)</sup>	100

Note:

<sup>(a)</sup> Deemed interested by virtue of its shareholdings in HSBC Holdings BV.

### 3.0 PROPOSED AMENDMENTS

SMPC had on 11 April 2001 established and implemented an ESOS based on the terms and conditions set out in the Existing By-Laws.

The Proposed Amendments, the details of which are set out in Appendix 1 of this Circular, are undertaken to, inter-alia, incorporate the provisions under the Revised ESOS Guidelines issued by the SC on 1 April 2003, into its Existing By-Laws, which in the view of the Board of Directors of the Company, would render the Existing ESOS more attractive to the eligible Executive Directors and employees of SMPC.

### 4.0 APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:-

- (a) the SC for the Proposed Restricted Issue, which was obtained on 3 September 2003;  
The SC's approval is subject to the condition that SMPC complies with all the related terms in accordance to the SC Guidelines relating to the implementation of the Proposed Restricted Issue.
- (b) the MITI for the Proposed Restricted Issue, which was obtained on 10 September 2003;
- (c) the shareholders of SMPC at an EGM to be convened; and
- (d) the KLSE for the listing of and quotation for the Restricted Issue Shares to be issued pursuant to the Proposed Restricted Issue.

## 5.0 EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have a material financial effect on the Company and the SMPC Group.

The expected effects of the Proposed Restricted Issue on the share capital, NTA, EPS, substantial shareholding structure and dividends of the Company and the Group are set out hereafter for illustrative purposes only.

### 5.1 Share Capital

The proforma effects on the issued and paid-up share capital of the Company pursuant to the Proposed Restricted Issue are as follows:-

	RM
Existing issued and paid-up share capital as at 22 September 2003	54,644,965
To be issued pursuant to the Proposed Restricted Issue	10,000,000
	<u>-----</u>
Enlarged issued and paid-up share capital	<u>=====</u> 64,644,965

### 5.2 NTA

The proforma effects of the Proposed Restricted Issue on the NTA of the Company and the SMPC Group are as follows:-

<i>Company</i>	<b>Audited as at 31.01.2003 RM'000</b>	<b>Proforma After the Proposed Restricted Issue RM'000</b>
Share Capital	54,645	64,645
Share premium	23,802	23,302*
Revaluation reserve	8,005	8,005
Capital reserve	7,445	7,445
Accumulated losses	(17,699)	(17,699)
	<u>-----</u>	<u>-----</u>
NTA	76,198	85,698
	<u>=====</u>	<u>=====</u>
NTA per share (RM)	1.39	1.33
<i>Group</i>	<b>Audited as at 31.01.2003 RM'000</b>	<b>Proforma After the Proposed Restricted Issue RM'000</b>
Share Capital	54,645	64,645
Share premium	23,802	23,302*
Revaluation reserve	8,005	8,005
Accumulated losses	(23,194)	(23,194)
	<u>-----</u>	<u>-----</u>
Shareholders' funds	63,258	72,758
Add: Reserve on consolidation	139	139
	<u>-----</u>	<u>-----</u>
	63,397	72,897
	<u>=====</u>	<u>=====</u>
NTA per share (RM)	1.16	1.13

*Note:*

\* After deducting estimated expenses relating to the Proposed Restricted Issue of RM500,000.

The estimated expenses will be paid by the Company through internally generated funds.



### 5.3 Earnings

The Proposed Restricted Issue is not expected to have a material effect on the earnings of the SMPC Group for the financial year ending 31 January 2004 as the Proposed Restricted Issue is expected to be completed by the last quarter of the financial year ending 31 January 2004.

Barring any unforeseen circumstances, the Directors of SMPC expect to achieve interest savings of approximately RM750,000 per annum (or 1.16 sen per share, based on the enlarged issued and paid-up share capital of the Company) arising from the Proposed Restricted Issue.

### 5.4 Substantial Shareholding Structure

Based on the Record of Depositors as at 22 September 2003, the effects of the Proposed Restricted Issue on the substantial shareholders and their respective shareholdings are as follows:-

Substantial shareholders	Existing as at 22.09.2003				After the Proposed Restricted Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Kumpulan Pitchai Sdn Bhd	13,694	25.06	13 <sup>(a)</sup>	0.02	13,694	21.18	13 <sup>(a)</sup>	0.02
Perbadanan Nasional Berhad	13,382	24.49	-	-	13,382	20.70	-	-
Machendran a/l Pitchai Chetty	265	0.49	13,707 <sup>(b)</sup>	25.08	265	0.41	13,707 <sup>(b)</sup>	21.20
Dhanabalan a/l M. Pitchai Chetty	-	-	13,707 <sup>(b)</sup>	25.08	-	-	13,707 <sup>(b)</sup>	21.20
Ramakrishnan a/l Thangasamy Chettiar (Alternate to Machendran a/l Pitchai Chetty)	-	-	13,707 <sup>(c)</sup>	25.08	-	-	13,707 <sup>(c)</sup>	21.20
HSBC	-	-	-	-	10,000	15.47	-	-

Notes:-

<sup>(a)</sup> Deemed interested by virtue of its shareholdings of more than 15% in S.M. Pitchai Chettiar Sdn Bhd.

<sup>(b)</sup> Deemed interested by virtue of their shareholdings of more than 15% each in Kumpulan Pitchai Sdn Bhd.

<sup>(c)</sup> Deemed interested by virtue of his family relationship with the substantial shareholders of the Company, Mr Machendran a/l Pitchai Chetty and Mr Dhanabalan a/l M. Pitchai Chetty.

The above number of shares has been rounded up to the nearest thousand.

### 5.5 Dividend

SMPC did not declare any dividend for the financial year ended 31 January 2003. The Directors of SMPC will only be able to determine the quantum of dividend payable, if any, for the financial year ending 31 January 2004 after the finalisation of the audit of SMPC Group's financial statements.

## 6.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 6.1 Directors and Their Shareholdings

Based on the Register of Directors' Shareholdings as at 22 September 2003, the direct and indirect interests of the Directors of SMPC are as follows:-

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Machendran a/l Pitchai Chetty	265,347	0.49	13,706,529 <sup>(a)</sup>	25.08
Ibrahim Hussain	-	-	-	-
Dhanabalan a/l M. Pitchai Chetty	-	-	13,706,529 <sup>(a)</sup>	25.08
Makhtar Bin Mohamed	177,350	0.32	-	-
Sanmarkan a/l T S Ganapathi	-	-	-	-
Nagarajan a/l Thambiah	250,015	0.46	-	-
Takatoshi Kaneko	-	-	-	-
Ramakrishnan a/l Thangasamy Chettiar (Alternate Director to Machendran a/l Pitchai Chetty)	-	-	13,706,529 <sup>(b)</sup>	25.08

Notes:-

<sup>(a)</sup> Deemed interested by virtue of their shareholdings of more than 15% each in Kumpulan Pitchai Sdn Bhd.

<sup>(b)</sup> Deemed interested by virtue of his family relationship with the substantial shareholders of the Company, Mr Machendran a/l Pitchai Chetty and Mr Dhanabalan a/l M. Pitchai Chetty.

### 6.2 Substantial Shareholders

Based on the Record of Depositors as at 22 September 2003, the substantial shareholders of SMPC and their respective shareholdings (not less than 5%) are as follows:-

Substantial shareholders	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
Kumpulan Pitchai Sdn Bhd	13,693,734	25.06	12,795 <sup>(a)</sup>	0.02
Perbadanan Nasional Berhad	13,381,500	24.49	-	-
Machendran a/l Pitchai Chetty	265,347	0.49	13,706,529 <sup>(b)</sup>	25.08
Dhanabalan a/l M. Pitchai Chetty	-	-	13,706,529 <sup>(b)</sup>	25.08
Ramakrishnan a/l Thangasamy Chettiar (Alternate Director to Machendran a/l Pitchai Chetty)	-	-	13,706,529 <sup>(c)</sup>	25.08

Notes:-

<sup>(a)</sup> Deemed interested by virtue of its shareholdings of more than 15% in S.M. Pitchai Chettiar Sdn Bhd.

<sup>(b)</sup> Deemed interested by virtue of their shareholdings of more than 15% each in Kumpulan Pitchai Sdn Bhd.

<sup>(c)</sup> Deemed interested by virtue of his family relationship with the substantial shareholders of the Company, Mr Machendran a/l Pitchai Chetty and Mr Dhanabalan a/l M. Pitchai Chetty.

### 6.3 Interested Directors and Substantial Shareholders

#### 6.3.1 Proposed Restricted Issue

To the best of the knowledge of the Directors of the Company, none of the Directors and/or substantial shareholders and/or persons connected to them (as defined under the relevant provisions of the Act) have any interest, direct and/or indirect, in the Proposed Restricted Issue.

#### 6.3.2 Proposed Amendments

The following Directors are eligible to participate in the ESOS and are therefore deemed interested in the Proposed Amendments:-

Name	Directorship
Machendran a/l Pitchai Chetty	Executive Chairman
Ibrahim Hussain	Managing Director
Dhanabalan a/l M. Pitchai Chetty	Executive Director
Makhtar Bin Mohamed	Executive Director
Ramakrishnan a/l Thangasamy Chettiar	Alternate Director to Machendran a/l Pitchai Chetty

Ramakrishnan a/l Thangasamy Chettiar is the alternate Director to Machendran a/l Pitchai Chetty and he is the brother-in-law of Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty. Ramakrishnan a/l Thangasamy Chettiar is also an Executive Director of a subsidiary company of SMPC and hence, is eligible to participate in the Existing ESOS.

Consequently, Machendran a/l Pitchai Chetty, Ibrahim Hussain, Dhanabalan a/l M. Pitchai Chetty, Makhtar Bin Mohamed and Ramakrishnan a/l Thangasamy Chettiar ("Interested Directors") have abstained and will continue to abstain from all Board deliberations relating to their respective entitlement and the entitlements of persons connected to them under the proposed share options and the Proposed Amendments.

The management staff who is entitled to participate in the Existing ESOS and who is connected (as defined under the relevant provisions of the Act) with the Directors of SMPC, is set out below:-

Name	Designation	Shares held in SMPC as at				Relationship
		<-----22 September 2003----->		<-----Indirect----->		
		<-----Direct----->		<-----Indirect----->		
No. of shares	%	No. of shares	%			
Govindarajan a/l K. Thangasamy	Senior Manager of Progerex Sdn Bhd, the subsidiary company of SMPC	-	-	-	-	Son-in-law to Machendran a/l Pitchai Chetty.

Kumpulan Pitchai Sdn Bhd is deemed interested in the Proposed Amendments by virtue of Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty's substantial shareholdings in Kumpulan Pitchai Sdn Bhd. Therefore, S.M. Pitchai Chettiar Sdn Bhd is deemed interested in the Proposed Amendments by virtue of Kumpulan Pitchai Sdn Bhd's substantial shareholdings in S.M. Pitchai Chettiar Sdn Bhd.

Consequently, the Interested Directors, shall ensure that persons connected to them (as defined under the relevant provisions of the Act) will accordingly abstain from voting in respect of their direct and/or indirect interests on the ordinary resolutions relating to their respective entitlement and the entitlement of persons connected to them under the proposed share options and the Proposed Amendments at the forthcoming EGM.

6.3.3 Save as disclosed above, none of the Directors and/or substantial shareholders and/or persons connected to them (as defined under the relevant provisions of the Act) have any interest, direct and/or indirect, in the Proposals.

## 7.0 DIRECTORS' RECOMMENDATION

Your Directors, after having considered all aspects of the Proposed Restricted Issue as contained in this Circular, are of the opinion that the Proposed Restricted Issue is in the best interest of the Company and recommend that you vote in favour of the ordinary resolution to be tabled at the forthcoming EGM to give effect to the Proposed Restricted Issue.

Your Directors (save for the Interested Directors), after having considered all aspects of the Proposed Amendments as contained in this Circular, are of the opinion that the Proposed Amendments and also the entitlement to the Interested Directors and persons connected to them are in the best interest of the Company and recommend (save for the Interested Directors who have abstained from giving recommendations relating to their specific entitlement and the entitlement of persons connected to them under the proposed share options and the Proposed Amendments) that you vote in favour of the ordinary resolutions to be tabled at the forthcoming EGM to give effect to the Proposed Amendments and also on the ordinary resolutions for the entitlement of the Interested Directors and the entitlement of the persons connected to them.

## 8.0 HISTORICAL MARKET PRICES OF SMPC SHARES

The monthly highest and lowest market prices of SMPC shares as traded on the KLSE for the past twelve (12) months, are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b>2002</b>		
October	0.80	0.67
November	0.76	0.67
December	0.75	0.64
<b>2003</b>		
January	0.88	0.66
February	0.74	0.66
March	0.70	0.64
April	0.75	0.67
May	0.75	0.68
June	0.90	0.73
July	1.14	0.80
August	0.93	0.83
September	0.89	0.76
Last transacted market price of SMPC shares on 26 June 2003 (being the last market day immediately prior to the announcement on 27 June 2003 in relation to the Proposals)		0.76
Last transacted market price of SMPC shares on 30 September 2003 (being the latest practicable date prior to the printing of this Circular)		0.81

*(Source: KLSE Daily Dairy)*

## 9.0 OUTSTANDING CORPORATE EXERCISE

Save for the Proposals, which are the subject of this Circular, there is no other outstanding corporate exercise which has been announced by SMPC to the KLSE but is pending implementation.

## 10.0 EGM

The Notice convening the EGM to consider and if thought fit, passing the ordinary resolutions for the Proposals, is enclosed in this Circular. The EGM will be held at Matahari III, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 22 October 2003, at 11.30 a.m.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, to arrive at the Registered Office of the Company at Suite 18.05 MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang, not later than forty-eight (48) hours before the time appointed for holding the meeting. 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.

## 11.0 FURTHER INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors  
**SMPC CORPORATION BHD**

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

**SMPC CORPORATION BHD  
EMPLOYEE SHARE OPTION SCHEME (“ESOS”)  
PROPOSED AMENDED BY-LAWS OF THE ESOS**

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## 1. DEFINITIONS

the following terms have the following meanings :-

“Articles”	:	Articles of Association of the Company, as amended from time to time
“Board”	:	the board of directors for the time being of the Company
“By-Laws”	:	the by-laws of the proposed ESOS
“CA”	:	the Companies Act, 1965 <u>as amended from time to time and any re-enactment thereof</u>
“Central Depositories Act”	:	Securities Industry (Central Depositories) Act 1991 <u>as amended from time to time</u>
“CDS”	:	<u>Central Depository System</u>
Company	:	<del>SMPC Metal Industries Berhad (Company No. 79082-V) whose registered office is at 11<sup>th</sup> Floor, Bangunan FOP, Jalan Anson, 10400 Penang</del>
“Date of Acceptance”	:	<u>The date whereupon the ESOS Committee shall receive the written notice accepting an Offer from Eligible Employee</u>
“Date of Offer”	:	the date on which an Eligible Employee is notified of the Offer in writing by the ESOS Committee
“ESOS Committee”	:	the committee appointed by the Board of SMPC to administer the ESOS
“Eligible Employee”	:	any natural person who is at least eighteen (18) years of age at the date of the offer and is employed full-time by and on the payroll of the Group and any non-listed company comprised in the Group and falling within any of the categories of employees as set out in <del>Clause 5 of this By-Laws</del> 4 who is confirmed with not less than 1 year service immediately before the Offer and designated in writing by the ESOS Committee to be eligible for the ESOS and is not an employee of a subsidiary company which is dormant
“ESOS”	:	The scheme for the grant of Options to the eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Company in accordance with the terms set out in the By-Laws and such scheme to be known as “ <u>SMPC Corporation Bhd Metal Industries Berhad Employee Share Option Scheme</u> ”
“ESOS Shares”	:	the new ordinary shares of RM1.00 each in the Company to be issued pursuant to the exercise of an Option under the ESOS
“Grantee”	:	an Eligible Employee who has accepted the Offer of an Option in accordance with the terms of the ESOS



Group	†	<del>the Company and its subsidiaries</del>
“KLSE”	:	Kuala Lumpur Stock Exchange
“Market Day”	:	a day on which the KLSE is open for trading
“Maximum Allowable Allotment”	:	the maximum number of ESOS Shares that can be offered and allotted to an Eligible Employee falling within a particular category of employees as provided in <del>Clause 5 of the By-Law 5</del>
“MCD”	:	Malaysian Central Depository Sdn Bhd <del>and its nominees (165570-W)</del> , a subsidiary company of KLSE
<u>“MCD Rules”</u>	:	<u>Rules of MCD as amended from time to time</u>
“Offer”	:	an offer made in writing by the ESOS Committee to any Eligible Employee in accordance with the terms of the ESOS
“Option”	:	the rights of a Grantee to subscribe for new shares in the capital of the Company pursuant to the contract constituted by acceptance by him in the manner indicated in <del>Clause 7 of the By-Law 7</del> made in accordance with the terms of the ESOS
<u>“Option Certificate”</u>	:	<u>The certificate issued by the ESOS Committee confirming the grant of the Option to an Eligible Employee and the Option Price together with the number of shares comprised in the Option</u>
“Option Period”	:	a period commencing on the Date of Offer pursuant to <del>Clause 6 of the By-Law 6 ESOS</del> and expiring on the Date of Expiry or such shorter period as may be specifically stated in such Offer provided that no Option Period shall extend beyond the <del>five (5) ten (10) year period referred to in Clause 17 of the By-Law 17</del>
“Option Price”	:	the price at which the Grantee shall be entitled to subscribe for each new ordinary share of RM1.00 each in the Company as set out in <del>Clause 8 of the By-Law 8</del>
Rules	†	<del>Rules of MCD</del>
“Share”	:	1 ordinary share of RM1.00 each in the Company.
<u>“SC”</u>	:	<u>Securities Commission</u>
<u>“SMPC” or “the Company”</u>	:	SMPC Corporation Bhd (79082-V)
<u>“SMPC Group” or “the Group”</u>	:	<u>SMPC and its subsidiary companies as defined in Section 5 of the CA (excluding any associated companies) provided that the subsidiary companies are not dormant</u>
Securities Account		an account established by the MCD for the holder of the account to record the deposit of securities by the holder of the accounts and any dealings in deposited securities by him
Subsidiary		<del>‘subsidiary’ as defined in Section 5 of CA</del>

## 2. Interpretation

- 2.1 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 2.2 Any reference to a specific written law or any general reference to written laws include any statutory extension, modification, amendment or re-enactment of it or them and any regulations, orders or other subsidiary legislation made under it or them.

The expression "By-Laws" means this by-laws, as varied from time to time in accordance with its terms.

## 3. Maximum Amount of Shares Available Under the ESOS

~~3.1 Not more than 10% of the issued and paid-up ordinary share capital of the Company shall be offered under the ESOS at any point of time during the existence of the ESOS as referred to in Clause 17 of this By-Laws.~~

~~3.2 The Company will keep available sufficient unissued Shares in the share capital of the Company to satisfy all outstanding Options for the duration of the ESOS.~~

3.1 The maximum number of new shares of the Company which may be subscribed on the exercise of Options granted under the ESOS shall not, in aggregate, exceed ten per centum (10%) of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the SC or any other relevant authorities at any point of time during the existence of the ESOS, where applicable.

3.2 Notwithstanding By-Law 3.1 hereinbefore or any other provision herein contained, in the event the maximum number of shares comprised in the Options granted under the ESOS exceeds the aggregate of ten per centum (10%) of the issued and paid-up share capital of the Company (or such maximum percentage as allowable by the relevant authorities at any point of time during the existence of the ESOS) as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then such Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the terms and conditions of the By-Laws under the ESOS but the ESOS Committee shall not make any further Offer(s).

## 4. Eligibility

Subject to the discretion of the ESOS Committee, any employee of the company (other than employee(s) or representative(s) of the government or government institutions/agencies), shall be eligible to participate in the ESOS if the employee is, at the Date of Offer, of at least eighteen (18) years of age and :-

4.1 A natural person who is employed by and is on the payroll of a company within the Group (save for any subsidiary company which is dormant) and who is confirmed in writing as an employee and has served in the employment of the Group for at least one (1) year of continuous service on or prior to the Date of Offer. However, where the employee is serving under an employment contract, the contract should be for a duration of at least three (3) years.

4.2 Subject to the provision of ~~Clause~~ By-Law 21, below, to qualify for selection for participation in the ESOS, an Eligible Employee must be a confirmed employee with at least one (1) year of service as at the Date of Offer.

4.3 A full-time Executive Director of a company within the Group (save for any subsidiary company which is dormant) who has been confirmed in service and has served for at least one (1) year of continuous service on or prior to the Date of Offer. In the case of a full-time Executive Director, his specific entitlement shall be approved by the shareholders of the Company in a general meeting. However, where the Executive Director is serving under an employment contract, the contract should be for a duration of at least three (3) years;

- 4.4 All full-time foreign employees of the Group who are in service for at least 1 year as at the Date of Offer and are under employment contract ~~employment~~ for at least 3 years are eligible to participate in the ESOS.
- ~~4.5 Eligible Employees who have accepted the Offer to participate in the ESOS shall not be eligible to participate in another employees' share option scheme implemented or to be implemented by any other company within the Group.~~
- ~~4.5 Any allocation of Options under the ESOS to an Executive Director, substantial shareholders and/or persons connected with an Executive Director or substantial shareholders of SMPC shall require prior approval from the shareholders of SMPC in a general meeting.~~
- ~~4.6 Executive Directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible to participate in the ESOS.~~
- ~~4.7 Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the ESOS unless an Offer has been made in writing by the ESOS Committee to the Eligible Employee under By-Law 6.0.~~
- ~~4.8 The selection for the participation in the ESOS shall be at the discretion of the ESOS Committee whose decision shall be final and binding.~~

## 5. Basis of Allocation and Maximum Allowable Allotment of Shares

- ~~5.1 No option shall be granted for less than 1,000 new ordinary shares ESOS Shares nor more than 500,000 new ordinary shares.~~
- ~~5.2 The Eligible Employees of the Group who are entitled to participate in the ESOS shall be those who fall within any of the categories listed hereunder.~~
- ~~5.3 Subject to any adjustment which may be made under Clause 11 hereof, the number of Shares that may be offered and allotted to any Eligible Employee shall be determined at the discretion of the ESOS Committee and shall notwithstanding clause 11 not exceed the amount set opposite their respective categories.~~

Category of Employee	Maximum number of new ordinary shares that may be allotted to each Eligible Employee ('000)
Group Managing Director	500
Group Executive Director	500
Executive Director of Subsidiary Company	300
General Manager	300
Senior Manager	250
Manager & Assistant Manager	150
Executive I	90
Executive II	60
Executive III	40
Skilled Workers	30
Clerical	20
General workers	12

- ~~5.4 The actual entitlement of an Eligible Employee shall be determined by the ESOS Committee based on seniority in position and length of service with the Group. For an employee who falls under more than one category, the entitlement to ESOS Shares will be based on the higher category in which the employee falls under.~~

~~5.5 An Eligible Employee who is promoted during the tenure of the ESOS shall be eligible for consideration for additional offer of Shares (to be decided by the ESOS Committee) subject to the Maximum Allowable for the category to which he has been promoted.~~

~~5.6 Nothing herein shall prevent the ESOS Committee from making more than one Offer to each Grantee Provided Always that the total aggregate number of new ordinary share of the Company to be so offered to each Grantee (inclusive of new ordinary shares of the Company already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment for the Grantee.~~

~~5.1 Subject to any adjustments, which may be made in By-Law 11.0 hereinafter, the number of new shares that may be offered and allotted to any Eligible Employee of the Group shall be at the discretion of the ESOS Committee after taking into consideration the performance, seniority and length of service of the Eligible Employee under the ESOS and such other factors that the ESOS Committee may deem relevant subject to the following:-~~

~~(i) not more than fifty per centum (50%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated, in aggregate, to Executive Directors and senior management of the Group; and~~

~~(ii) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual Executive Director or employee who, either singly or collectively through his/her associates (as defined in the Act), holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company;~~

~~provided always that it is in accordance with any prevailing guidelines issued by the SC or any other relevant authorities as amended from time to time.~~

~~5.2 Subject to By-Law 5.1 hereinbefore, the ESOS Committee shall offer to an Eligible Employee not less than one thousand (1,000) shares nor more than the maximum entitlement stipulated hereunder:-~~

<u>Category of Employee</u>	<u>Maximum Allowable Allotment Per Employee</u>
	<u>Percentage (%) *</u>
<u>Executive Chairman</u>	2
<u>Group Managing Director</u>	8
<u>Group Executive Director</u>	8
<u>Executive Director of Subsidiary Company</u>	5
<u>Senior Manager</u>	2
<u>Manager &amp; Assistant Manager</u>	2
<u>Executive I</u>	2
<u>Executive II</u>	1
<u>Executive III</u>	1
<u>Skilled workers</u>	1
<u>Clerical</u>	1
<u>General workers</u>	1

~~\* Based on the total number of shares in the Company available under the ESOS~~

As guided by the above table and the total number of Eligible Employees, the ESOS Committee will ensure that the total number of shares allocated to the Eligible Employees will not exceed the total number of shares available under the ESOS.

5.3 The ESOS Committee may at its discretion at any time it shall deem fit within the duration of the ESOS, in accordance with the scale provided in By-Law 5.2 hereinbefore:-

(a) increase the maximum allowable allotment of an Eligible Employee who is promoted to a higher category upon the confirmation in the promoted category; or

(b) reduce the maximum allowable allotment of an Eligible Employee who is moved to a lower category and that:-

(i) in the event that the total number of Options which has been accepted by him/her up to the date he/she is moved to a lower category is greater than his/her maximum allowable allotment under such lower category, he/she shall be entitled to continue to hold and exercise all unexercised Options held by him/her on such date but he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently moved to a higher category so that his/her maximum allowable allotment is increased to an amount greater than the total number of Options which has been accepted by him/her; and

(ii) in the event that the total number of Options which has been accepted by him/her up to the date he/she is moved to a lower category is less than his/her maximum allowable allotment under such category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her on such date and, subject to By-Law 5.2 hereinbefore, to be offered further Options up to his/her maximum allowable allotment under such category.

5.4 A set of criteria of staff eligibility and allocation should be clearly specified and all employees made aware of. Verification of allocation is required to be carried out by a firm of chartered accountants as part of its annual audit exercise and would be disclosed in the annual report.

## **6. Offer**

6.1 Upon implementation of the ESOS, the ESOS Committee shall offer Options in writing to all confirmed Eligible Employees based on the criteria for allotment as in ~~Clause~~ By-Law 5 above. Subsequently, further offers of Options shall be made to those who become eligible for allotment. The actual number of ESOS Shares which may be offered to such Eligible Employee shall be at the discretion of the ESOS Committee and shall not be less than one thousand (1,000) Shares or more than the Maximum Allotment as set out in ~~Clause~~ By-Law 5 above.

6.2 The ESOS Committee will in their Offer letter state (amongst others) the number of ESOS Shares granted and the Option Price ~~is respect of seniority and/or length of service.~~

~~6.3 An offer shall state the Option Price and the number of new ordinary shares for the Option.~~

~~6.3.4~~ Such Offer is personal to the Eligible Employee and is non-assignable and shall automatically lapse and shall be null and void in the event of the Eligible Employee dying or ceasing to be employed by the Company for any reason whatsoever, if such death or cessation as the case may be, takes place prior to the acceptance of the Offer by the Eligible Employee in the manner set out in ~~Clause~~ By-Law 7 hereof.

~~6.4.5~~ No Option will be granted to any full-time Executive Director of the Company unless the specific grant of Option and the related allotment of ESOS Shares to that Executive Director shall have previously been approved by the shareholders of the Company in General Meeting.

6.5.6 Every Executive Director can only be allocated ESOS Shares once irrespective of their sitting on more than one board.

6.6 7 The Company will keep available sufficient unissued ordinary shares in the capital of the Company to satisfy all outstanding Options.

## 7. Acceptance of Offer

7.1 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case to case basis at its discretion. The Acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to whom the Offer is to the ESOS Committee in the form prescribed by the ESOS Committee. In event the Eligible Employee fails to accept the Offer or pay the Option Price within the prescribed period of thirty (30) days and the manner aforesaid, the Offer shall be deemed to have lapsed. The day of receipt of such written notice shall constitute the Date of Acceptance.

7.2 If the Offer is not accepted in the manner mentioned above in ~~clause~~ By-Law 7.1, such Offer shall upon the expiry of the thirty (30) days automatically lapse and shall be null and void and be of no further force and effect.

7.3 In the event the Offer is accepted, the Grantee shall pay to the company a non-refundable sum of Ringgit Malaysia One (RM1.00) only as consideration for the ~~Offer~~ grant of the Option.

~~7.4 Within thirty (30) days after the Date of Acceptance, the ESOS Committee shall issue to the Grantee an Option Certificate in such form as may be determined by the ESOS Committee.~~

## 8. Option Price

8.1 The price at which the Grantee is entitled to subscribe for each ESOS Share shall be based on the 5-day weighted average market price of the Shares of the Company as shown in the Daily Official List issued by the KLSE for the five (5) market days immediately preceding the Date of Offer or at par value of the ordinary shares of the Company, whichever is the higher.

8.2 The Option Price is allowed to be set at a discount of not more than 10% from the 5-day weighted average price of the Shares of the Company at the date the Option is granted.

~~8.3 The Option Price shall be stipulated in each Option Certificate.~~

## 9. Exercise of Options

9.1 Subject to ~~Cluses~~ By-Laws 15 and 22 hereof, the Option granted to a Grantee under the ESOS is exercisable only by the Grantee during his/her lifetime and whilst he/she is in the employment of the Group and within the Option Period. The Option is personal to the Grantee and is non-assignable except under the provisions of Clause By-Law 15.3 below.

9.2 Except as otherwise provided in these By-Laws, upon acceptance of the Offer, an Option may be exercised by the Grantee ~~on any Market Day during the period commencing on the Date of Offer and expiring on the Date of Expiry.~~ in such proportions as shall be determined by the ESOS Committee at any time and from time to time during the Option Period and shall be set out in the Option Certificate issued to him/her.

~~Options not exercised can be carried forward to the subsequent years subject to the Option Period applicable thereto.~~

~~All unexercised or partially unexercised Options shall automatically lapse and become null and void upon expiry of the Option Period applicable thereto.~~

9.3 The Grantee shall notify the Company in writing of his/her intention to exercise the Option. The Option may be exercised in respect of such lesser number of ESOS Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one thousand (1,000) Shares. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance ESOS Shares of his/her entitlement under the ESOS, if any.

9.4 Every such notice to exercise the Option shall be accompanied by the relevant option certificate and a remittance (calculated in accordance with the provisions of Clause 8 and (where applicable) Clause 11) for the full amount of subscription monies in relation to the number of ESOS Shares in respect of which the written notice is given. The Company shall, within 20 Market Days of the receipt of such notice and remittance from the Securities Account of the Grantee and issue a notice of allotment to the Grantee. No physical share certificate will be issued.

9.5 Upon exercise of the Options, there is no retention period on the sale of ESOS Shares issued.

9.6 The Option granted to a Grantee under the ESOS shall be exercisable in accordance with the following table:

Number of Shares granted under the Option	← Percentage of Shares Exercisable →				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	40% <sup>1</sup>	30%	30% <sup>2</sup>	-	-
100,000 and above	20%	20%	20%	20%	20%

1. 40% or 20,000 shares, whichever is the higher

2. 30% or the remaining number of shares unexercised

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.

9.7 Full time foreign executive directors/employees of the Group who are eligible to participate in the ESOS are only allowed to exercise the option up to a maximum of 20% of the total ESOS Shares allotted on an annual basis. However, where the employee is serving under an employment contract of which should be for a duration of at least 3 years and expected to continue serving for another period of at least 1 year, any remaining Option unexercised can be exercised on expiry of the employment contract if this date falls before the Expiry date of the Option.

9.8 Where an Option is exercised only in part, the ESOS Committee shall endorse on the Option Certificate, among others, the number of new Shares comprised in the Option which remain capable of exercise.

9.4 Every such notice to exercise the Option shall be accompanied by the relevant Option Certificate and a remittance for the full amount of the subscription monies in relation to the number of shares in respect of which the written notice is given. The Company shall upon receipt of such notice and remittance from the Grantee to exercise the Option, allot and issue the relevant number of new shares arising from the exercise of the Options and despatch notices of allotment to the Grantee in accordance with the Listing Requirements of the KLSE and/or the prevailing guidelines and/or requirements of the relevant regulatory authorities subject to the provisions of the Articles of Association of the Company, the Central Depositories Act and the MCD Rules.

Pursuant to the relevant sections of the Central Depositories Act, all dealings in the shares will be by book entries through the Securities Account. For Grantees who do not have a Securities Account, such Grantees are required to open a Securities Account at their own expense before they can exercise their Options.

## 10. Rights attaching to shares

The ESOS Shares to be allotted upon any exercise of the Option will upon allotment rank pari passu in all respects with the then existing issued ordinary shares of the Company and will be subject to all the provisions of the Articles relating to transfer transmission and otherwise. However, ESOS Shares so issued shall not rank for any dividend or other distribution declared, made or paid to the shareholders prior to the exercise of the Option.

The new shares to be allotted and issued upon exercise of any Option shall upon allotment, rank pari passu in all respects with the existing issued and paid-up shares of the Company except that the new shares so allotted shall not be entitled to any dividends, rights, allotments or other distributions unless the shares so allotted have been credited into the relevant Securities Account before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise of the shares of the Company.

For the purpose hereof, the term “entitlement date” means the date and time at which the Record of Depositors with MCD will be closed to determine the entitlements of the shareholders to participate in any dividend, rights, allotment or other distribution.

## **11. Alteration of Share Capital**

~~11.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, consolidation of shares, sub-division of shares, redemption of capital, reduction of capital or otherwise howsoever, taking place, such corresponding alterations (if any) shall be made in:~~

~~11.1:1 the number of ESOS Shares relating to the Option so far as unexercised; and~~

~~11.1:2 the Option Price.~~

~~Provided always that such alterations would give the Grantee the same proportion of the issued share capital of the Company to which he/she was entitled prior to such alterations as the approved Company auditors as defined under Section 9 of CA (acting as experts and not as arbitrators) shall, at the request of any Grantee or the Company by writing under their hands, certify either generally or as regards any particular Grantee to be in their opinion fair and reasonable and such certification shall be final and binding on all parties. Adjustments other than on a capitalisation issue must be confirmed in writing by the approved Company auditors to be in their opinion (acting as experts and not as arbitrators) fair and reasonable.~~

~~11.2 The provisions of the above clause shall not apply where the alteration in the capital structure of the Company arises from the issue of securities as consideration for an acquisition or as a special issue to Bumiputras nominated by the Ministry International Trade and Industry, Malaysia or any relevant authority and exercise of Options pursuant to the ESOS.~~

~~11.3 Upon any adjustment being made pursuant to this Clause 11, the ESOS Committee shall notify the Grantee (or his/her legal or pursuant representative(s) where applicable) within 14 days in writing informing him/her of the Option Price in effect, method of exercise of the Option and/or the number of ESOS Shares to be issued on the exercise of the Option.~~

~~11.1 In the event of any alteration in the capital structure of the Company during the Option Period, the requirement to carry out adjustments to the Option Price or the number of shares in favour of all the Grantee pursuant to the capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise (excluding the purchase by the Company of its own shares) howsoever taking place is at the discretion of the Board, who should accordingly assess the practicality of complying with the requirement.~~

Where it is decided that no adjustment will be made, such decision must be made known to all participants via a timely notice. However, where it is decided that an adjustment will be made, all Grantees shall be given the same proportion of the capital as that to which they were previously entitled to, by ensuring that the capital outlay to be incurred by option holders in exercising their Options remain unaffected. Where it is decided that an adjustment will be made but it is not practicable to ensure that all participants are given the same proportion of the capital, the Company must, in such circumstances, seek a waiver from the SC, together with justifications.



In such event that adjustments are to be made, such adjustments shall be made to:-

- (a) the number of shares relating to the Option so far as unexercised; and/or
- (b) the Option Price.

Provided always that:-

- (i) adjustments other than on a capitalisation issue must be confirmed in writing by the approved auditors for the time being of the Company to be in their opinion (acting as experts and not as arbitrators) fair and reasonable and such confirmation shall be regarded as final and conclusive for making the adjustment in accordance with this By-Law;
- (ii) no adjustment to the Option Price shall be made which would result in the new shares being issued (on the exercise of the Options) at a discount to the par value and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the nominal value of the new share in the Company; and
- (iii) no adjustment shall be made where the alteration in the share capital structure of the Company arises from the issue of new shares as consideration for an acquisition of any asset of the Company, private placement, a share buy-back arrangement by the Company, an issue of new shares arising from the exercise of any conversion rights attached to securities convertible to shares or upon exercise of any other rights including warrants (if any) issued by the Company, an issue of new shares upon the exercise of Options pursuant to the ESOS or as a special issue to Bumiputera party(ies) nominated by the Ministry of International Trade and Industry, Malaysia or other relevant authority.

11.2 The ESOS Committee shall within fourteen (14) days of any adjustment made pursuant to this By-Law notify the Grantee in writing informing him/her of any adjustment (the revised Option Price thereafter in effect and/or the number of new shares thereafter to be comprised in the Options) made pursuant to this By-Law and Option Certificate granted prior to the adjustment and/or any endorsement thereto shall be deemed to be amended accordingly.

11.3 Any adjustment to the Option Price will be rounded downwards to the nearest one (1) sen and no adjustment shall be made in which the adjusted amount would be less than one (1) sen.

11.4 In the event that a fraction of a share arising from the adjustments referred to in these By-Laws would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number.

11.5 Notwithstanding By-Laws 3.2 and 11.1 hereinbefore or any other provisions herein contained, in the event that the Company purchases its own shares during the Option Period and thereby diminishing its issued and paid-up share capital, if the resultant number of Options that has been offered under the ESOS may have exceeded 10% of the issued capital of the Company, there should be no granting of additional Options at any point in time after the Company purchases its own shares, unless the number of Options that has been granted under the ESOS falls below 10% of the issued capital of the Company.

## **12. Quotation of Shares**

The unissued Shares referred to in ~~Clause By-Law 3~~ above and the ESOS Shares to be allotted to the Grantee will not be listed or quoted on the KLSE, and/or any other relevant stock exchanges until the Option is exercised in accordance with ~~Clause By-Law 9~~ above whereupon the Company shall, subject to it having obtained the prior written approval of the SC and making applications to the KLSE and/or other relevant stock exchanges for the listing and quotation for such ESOS Shares, use its best endeavours to obtain permission for dealing for such ESOS Shares.

### 13. Administration

The ESOS shall be administered by the ESOS Committee as appointed by the Board of Directors of the Company. The Board shall have the power from time to time to rescind the appointment of any person where the Board deems fit. For the purpose of administering the ESOS, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the ESOS, as the ESOS Committee may in its discretion deem fit. The ESOS Committee shall so administer the ESOS in such manner as it shall in its discretion deem fit and with powers and duties as are conferred upon it. The committee members will comprise persons from the Board of Directors and senior management of the Company.

### 14. Amendment and/or Modification to the ESOS

~~Subject to the approvals of the SC, other regulatory authorities, the KLSE and/or any other relevant stock exchanges, the ESOS Committee shall recommend to the Board of Directors who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the ESOS provided that no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent or, without the prior approval of the Company in general meeting, alter to the advantage of any Grantee the provisions of the ESOS.~~

The ESOS Committee may recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions in the By-Laws of the ESOS PROVIDED THAT:-

- (a) no such amendment and/or modification which shall prejudice the rights of a Grantee shall be made without his/her consent in writing; and
- (b) no such amendment and/or modification which shall render the rights of a Grantee more favourable shall be made without the approval of the shareholders of the Company in a general meeting.

~~The Company is required to submit to the SC, each time any amendment and/or modification is made, a confirmation letter that the amendment and/or modification does not contravene any of the provision of the SC's guidelines pertaining to the ESOS.~~

### 15. Termination of Options

15.1 In the event of the death or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise of the Option or prior to full exercise of an Option, such Option shall forthwith cease without any claim against the Company provided always that subject to the written approval of the ESOS Committee in its discretion where the Grantee ceases his/her employment or appointment with the Group by reasons of:

- 15.1:1 his/her retirement at or after attaining normal retirement age under the Group's retirement policy;
- 15.1:2 retirement before attaining the normal retirement age but with the consent of the ESOS Committee;
- 15.1:3 ill-health or accident, injury or physical and mental disability;
- 15.1:4 redundancy;
- 15.1:5 any other causes which are acceptable to the ESOS Committee.

he/she may exercise his/her unexercised Option(s) within the relevant Option Period(s).

- 15.2 However, where the Grantee ceases his/her employment or appointment with the Group by reason of resignation other than the above, any of his/her unexercised Option or Options shall cease with immediate effect.
- 15.3 Where the Grantee dies before the expiry of any Option Period and at the date of his/her death held an Option(s) unexercised such Option(s) may be exercised after, but not later than 24 months after the date of his/her death by the legal or personal representatives of the Grantee provided that such Option(s) fall(s) within the Option Period(s).
- 15.4 The Option shall immediately become void and of no effect on the bankruptcy of the Grantee.
- 15.5 ~~An Option shall lapse forthwith upon the resignation of the Grantee from his employment with the Group and the Shares comprised in such Option or the balance thereof to the extent that it is then unexercised~~ Any Option which lapsed and/or remained unexercised in accordance with By-Law 15 may at the discretion of the ESOS Committee, be re-allotted to other Eligible Employees.
- 15.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee) the ESOS Committee have the right, at its discretion, to suspend the rights of the Grantee to exercise his/her Option(s) pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, provided always that:-
- (i) in the event such Grantee shall subsequently be found not guilty of the charges which give rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his/her Option;
  - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect; or
  - (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may exercise his/her Option and, if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

## 16. Liquidation of the Company

In the event that an order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall terminate and become null and void and be of no further force and effect.

## 17. Duration of the ESOS

17.1 The ESOS shall continue to be in force for a period of ~~5~~ 10 years from:

- ~~(i)17.1:1~~ the date of approval by the SC pursuant to the Securities Commission Act, 1993; or
- ~~(ii)17.1:2~~ the date of approval by the KLSE; or
- ~~(iii)17.1:3~~ the date of approval by the shareholders of the Company in a general meeting; or
- ~~(iv)17.1:4~~ the date of approval of any other relevant regulatory authority whose approval is necessary in respect of the ESOS;

~~whichever shall be the latest date, subject however to any extension for a further period of 5 years commencing from the date of expiration of the existing 5 year period as may be approved by all or any of the parties referred to in paragraph 17.1:1 to 17.1:4 above.~~

~~17.2~~ No further Options will be granted after the expiration of the period of 5 years unless the Company in general meeting agrees to continue the ESOS with or without variation and provided that the approval of the SC, the KLSE and/or other relevant authorities and stock exchanges be obtained to such continuance.

## 18. Disputes

In the event of any disputes or differences of any nature arising between the ESOS Committee and any Eligible Employee or Grantee, as the case may be, the ESOS Committee shall determine such dispute or difference by written decision (without any obligation to give any reason whatsoever) given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen days (14) days of the receipt of the written decision, in which case such dispute or difference shall hereunder be referred to the decision of the external auditors for the time being of the Company acting as experts and not as arbitrators, whose decision shall be final and binding in all respects.

## 19. Costs and Expenses

All fees, costs and expenses incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the administration of the ESOS, issue and allotment of the ESOS Shares pursuant to the exercise of any Option shall be borne by the Company.

## 20. Taxes

All taxes (including income tax), if any, arising from the exercise of any Option under the ESOS shall be borne by the Grantee.

## 21. Transfers from other companies to the Group

In the event:

- (i) an employee who was employed in a company which is related to the Company pursuant to Section 6 of CA (that is to say, a company which does not fall within the definition of "the Group") is subsequently transferred from such company to any company within the Group; or
- (ii) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in ~~Clause~~ By-Law 21(i) above.

(the first mentioned company in ~~clauses~~ By-Law 21(i) and 21(ii) above referred to as "Previous Company")

such an employee of the Previous Company ("Affected Employee") will, if the Affected Employee satisfies all the conditions of this By-Laws, be eligible to participate in the ESOS provided that the Affected Employee:

- ~~21.1~~ (a) shall be entitled to continue all such unexercised option(s) which were granted to him under the employee' share option scheme (if any) which he was participating ("Previous ESOS") whilst the Affected Employee was in the employment of the Previous Company in accordance with the by-laws of such Previous ESOS but he shall not, upon such transfer of restructuring or divestment at the case may be, be eligible to participate for further options of such Previous ESOS; and
- ~~21.2~~ (b) will only be eligible to participate in the ESOS for its remaining duration.

- ~~21.3~~ (e) ~~if the Affected Employee has participated in a Previous ESOS, the number of ESOS Shares to be offered to such Affected Employee under the ESOS shall be that number of shares as shall be equivalent to the difference between the Affected Employees' total share entitlement under the ESOS and the total number of shares which were offered to the Affected Employee under the Previous ESOS.~~

## **22. Transfer from the Group to Associated Companies/Related Companies**

~~22.1~~ In the event that the Grantee is transferred from the Group to associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 6 of the CA) of the Company which have an existing employee share option scheme in which the Grantee will be entitled to participate, all such unexercised Option(s) which were granted to him/her under the ESOS shall be entitled to continue to exercise all or part of any unexercised or partially exercised Options within a period of three (3) months from the date of such transfer or such period as determined in writing by the ESOS Committee.

## **23.22. Divestment from the Group**

If any employee is in the employment of a company in the Group which is subsequently divested from the Group, then such employee:

~~22.1~~ (i) will, notwithstanding such divestment and subject to the provisions of ~~Clause~~ By-Laws 9 and 15 above, be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the ESOS within a period of 6 months from the date of such divestment failing which the right of such employee to subscribe for that number of ESOS Shares or any part of such ESOS Shares granted under such unexercised Options shall automatically lapse upon the 6 months period and be null and void and of no further force and effect; and

~~22.2~~ (ii) shall not be eligible to participate for further Options under the ESOS.

## **24.3. ESOS not a term of Employment**

This ESOS does not form part of or constitute or shall in any way be construed as a term or condition of employment of an employee.

## **25.4. Inspection of Audited ~~Accounts~~ Financial Statements**

All Grantee shall be entitled to inspect a copy of the latest audited financial statements of the Company which shall be made available at the Registered Office of the Company during normal business hours on any working day of the Company.

## **26.5. Compensation**

No Eligible Employee or Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws, as the same may be amended from time to time in accordance with ~~Clause~~ By-Law 14 hereof. Participation in the ESOS by a Grantee is a matter entirely separate from his terms or conditions of employment and participation in the ESOS shall in no respects whatever affect in any way a Grantee's terms and conditions of employment. In particular (but not limiting the generality of the foregoing words) any Grantee who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise howsoever.

**27.6. General Articles of Association of the Company**

Notwithstanding the terms and conditions herein, if a situation of conflict should arise between the ESOS and the Articles, the provisions of the Articles shall at all times prevail.

**28.7. Retention Period**

~~A Grantee may deal with the new SMPC ordinary shares allotted and issued to him in any way he pleases. Grantees should note that the new SMPC ordinary shares are intended for them to hold as an investment rather than for realisation to yield immediate profit. The shares allotted to a Grantee pursuant to the exercise of an Option will not be subject to any retention period or restriction on transfer. However, the Grantee is encouraged to hold the shares for as long as possible.~~

**29.8. Takeover**

In the event of a takeover offer being made for the Company by a general offer or otherwise, the Grantee shall, regardless of whether such offer becoming or being declared unconditional, be entitled to exercise in full or in part the subscription of any ESOS Shares as yet unexercised under the Option until the expiry of the Option Period in accordance with the provisions of ~~Clause~~ By-Law 9 above. Provided however that if during a period of 6 months a company making the offer become entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of CA and gives notice to the Grantee that it intends to exercise such rights on specific date ("Specified Date"), the Option shall, notwithstanding the provisions of the ~~Clause~~ By-Law 9 above, remain exercisable by the Grantee with respect to any ESOS Shares as yet unexercised till the Specific Date and in such circumstances if the Grantee elects to exercise only in respect of a portion of such ESOS Shares then the Option in relation to the balance shall automatically lapse and shall become then be null and void.

**30.29. Scheme of Arrangement, Amalgamation, Reconstruction, etc**

Notwithstanding ~~Clause~~ By-Law 9 hereof and subject to the discretion of the ESOS Committee, in the event of the Court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the CA or its amalgamation with any other company or companies under Section 178 of the CA, a Grantee may be entitled to exercise all or any part of his Option at any time commencing from the date upon which the compromise or arrangement is sanctioned by the Court and ending with the date upon which the compromise or arrangement becomes effective, and all Options, to the extent unexercised shall automatically lapse and shall become null and void.

**31.0. Notice**

31.0.1 Any notice which under the ESOS is required to be given to or served upon the ESOS Committee by an Eligible Employee or Grantee or any correspondence to be made between the Eligible Employee or Grantee and the ESOS Committee shall be given or served in writing and either delivered by hand or sent to the registered office of the Company by courier or by prepaid registered post. Proof of posting shall not be evidence of receipt of the letter.

31.0.2 Any notice which under the ESOS is required to be given to or served in writing and either delivered by hand or sent to the Eligible Employee or Grantee by courier or prepaid registered post addressed to the Eligible Employee or Grantee at the place of employment or at the last address known by the Company as being his address. Any notice served by post as aforesaid shall be deemed to have been on the third day after the day the letter is posted, including that day.

31.0.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

### **32. Termination of ESOS**

The Company subject to compliance with requirements of the SC and/or any other relevant authorities, may in general meeting, by ordinary resolution, terminate the continuation of this ESOS at any time and in such an event no further Offers shall be made by the ESOS Committee from the date of such resolution and all Offer outstanding but not accepted by the Eligible Employee at the date of the said resolution and the Options as yet unexercised or partially unexercised shall be deemed to be terminated at the date of such resolution.

Prior to the termination of the ESOS, the Company must satisfy all the following conditions:-

- (a) to obtain the approval of any relevant authorities (if required) for the termination of the ESOS;
- (b) to obtain the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (c) to obtain written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

### **33. Disclaimer of Liability**

Notwithstanding any provisions contained herein and subject to the CA, the Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising in any event, including but not limited to any delay on the part of the Company in allotting and issuing the shares or in procuring the KLSE to list the shares subscribed for by a Grantee.

### **34. ESOS To Confer No Special Rights**

This ESOS shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment in the SMPC Group under which the Eligible Employee is employed nor any right additional to any compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment.

### **35. Governing Law**

The ESOS and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

### **36. Effects of the Headings**

The heading to the By-Laws herein are for convenience of reference only and do not form part of the By-Laws nor shall they affect the interpretation of the same.

### **37. Subsequent ESOS**

Subject to the approval of any relevant authorities (if required), the Company may establish a new employee share option scheme after the expiry date of this ESOS or upon termination of this ESOS.

#### *Notes*

*"~~xxx~~" to insert a new clause/phrase/sentence to the Existing By-Laws; and*

*"~~xxx~~" to delete an existing clause/phrase/sentence of the Existing By-Laws.*

**FURTHER INFORMATION****1.0 DIRECTORS' RESPONSIBILITY**

This Circular has been seen and approved by the Directors of SMPC who 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 would make any statement herein misleading.

**2.0 CONSENT**

MIMB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, in the form and context in which it appears.

**3.0 MATERIAL LITIGATION**

As at the date of this Circular, neither SMPC nor any of its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of SMPC are not aware of any proceedings pending or threatened against SMPC and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of SMPC and its subsidiary companies.

**4.0 MATERIAL CONTRACTS**

Save as disclosed below, as at the date of this Circular, neither the Company nor any of its subsidiary companies have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) within the two (2) years preceding the date of this Circular.

Contract dated 10 May 2002 between SMPC Industries Sdn Bhd ("SISB") and Sin Yee Hup Construction Sdn Bhd whereby SISB appointed Sin Yee Hup Construction Sdn Bhd as the contractor for the buildings works, electrical and fire fighting protection systems for the construction of a warehouse and the renovation works for the existing factory on Lot 717, Jalan Kapar, Mukim Kapar, Daerah Kapar, Selangor for a contract price of RM9,439,906 to be satisfied by cash.

**5.0 DOCUMENTS FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal office hours (except public holidays) at the registered office of SMPC from the date of this Circular up to and including the date of the EGM:-

- (a) Memorandum and Articles of Association of SMPC;
- (b) the letter of consent referred to in paragraph 2.0 above;
- (c) the Draft Proposed Amended By-Laws of the ESOS;
- (d) the material contract referred to in paragraph 4.0 above;
- (e) the audited financial statements of SMPC and its subsidiary companies for the past two (2) financial years ended 31 January 2002 and 2003; and
- (f) the unaudited consolidated results of SMPC for the 6-months period ended 31 July 2003.



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

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of SMPC Corporation Bhd (“SMPC or the Company”) will be held at Matahari III, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 22 October 2003 at 11.30 a.m. for the purpose of considering, and if thought fit, passing the following resolutions, with or without modifications, as Ordinary Resolutions:-

**ORDINARY RESOLUTION 1**

**PROPOSED RESTRICTED ISSUE**

“THAT subject to the approval-in-principle of the Kuala Lumpur Stock Exchange for the listing of and quotation for the new ordinary shares of RM1.00 each (“shares”) of the Company to be issued being obtained and the approval of any other relevant authority, approval be and is hereby given for the Board of Directors to allot and issue, pursuant to a restricted issue, 10,000,000 new ordinary shares of RM1.00 each in the Company (“Restricted Issue Shares”) to HSBC Bank Malaysia Berhad (“HSBC”) and/or its nominees to convert an amount owing to HSBC of RM10 million into equity at an issue price of RM1.00 each, being the par value of SMPC shares and such new shares shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or distribution which may be declared, made or paid, the entitlement date of which precedes the date of allotment of the Restricted Issue Shares AND THAT the Directors be and are hereby authorised to give full effect to the Proposed Restricted Issue with full powers to assent to any condition, modification, variation and/or amendment which may be imposed by the relevant authorities in any manner as the Directors may deem fit or expedient and to do all such acts and things as they may consider necessary or expedient to give full effect to the Proposed Restricted Issue.”

**ORDINARY RESOLUTION 2**

**PROPOSED AMENDMENTS**

“THAT subject to the approval of all relevant parties and authorities being obtained, the Board of Directors of the Company be and is hereby authorised to replace the existing By-Laws of the Employee Share Option Scheme (“ESOS”), and to replace and adopt the Proposed Amended By-Laws (“Proposed Amendments”) as set out in Appendix 1 attached herein, in substitution for and to the exclusion THAT the Directors of the Company be and are hereby authorised to do all such acts as they may consider necessary or expedient to give effect to the aforesaid Proposed Amendments with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed by the relevant authorities.”

**ORDINARY RESOLUTION 3**

**PROPOSED SHARE OPTIONS TO MACHENDRAN A/L PITCHAI CHETTY, THE EXECUTIVE CHAIRMAN OF THE COMPANY**

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Machendran a/l Pitchai Chetty, the Executive Chairman, options to subscribe for up to nine per centum (9%) of the total number of new ordinary shares of RM1.00 each (“shares”) in the Company available under the Employee Share Option Scheme (“ESOS”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

#### **ORDINARY RESOLUTION 4**

##### **PROPOSED SHARE OPTIONS TO IBRAHIM HUSSAIN, THE MANAGING DIRECTOR OF THE COMPANY**

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Ibrahim Hussain, the Managing Director, options to subscribe for up to eight per centum (8%) of the total number of new ordinary shares of RM1.00 each (“*shares*”) in the Company available under the Employee Share Option Scheme (“*ESOS*”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

#### **ORDINARY RESOLUTION 5**

##### **PROPOSED SHARE OPTIONS TO DHANABALAN A/L M. PITCHAI CHETTY, THE EXECUTIVE DIRECTOR OF THE COMPANY**

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Dhanabalan a/l M. Pitchai Chetty, the Executive Director, options to subscribe for up to eight per centum (8%) of the total number of new ordinary shares of RM1.00 each (“*shares*”) in the Company available under the Employee Share Option Scheme (“*ESOS*”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

#### **ORDINARY RESOLUTION 6**

##### **PROPOSED SHARE OPTIONS TO MAKHTAR BIN MOHAMED, THE EXECUTIVE DIRECTOR OF THE COMPANY**

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Makhtar Bin Mohamed, the Executive Director, options to subscribe for up to eight per centum (8%) of the total number of new ordinary shares of RM1.00 each (“*shares*”) in the Company available under the Employee Share Option Scheme (“*ESOS*”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

#### **ORDINARY RESOLUTION 7**

##### **PROPOSED SHARE OPTIONS TO RAMAKRISHNAN A/L THANGASAMY CHETTIAR, A PERSON CONNECTED TO MACHENDRAN A/L PITCHAI CHETTY AND DHANABALAN A/L M. PITCHAI CHETTY**

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Ramakrishnan a/l Thangasamy Chettiar, the Executive Director of the subsidiary and being a person connected to Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty, options to subscribe for up to five per centum (5%) of the total number of new ordinary shares of RM1.00 each (“*shares*”) in the Company available under the Employee Share Option Scheme (“*ESOS*”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

## ORDINARY RESOLUTION 8

### PROPOSED SHARE OPTIONS TO GOVINDARAJAN A/L K. THANGASAMY, A PERSON CONNECTED TO MACHENDRAN A/L PITCHAI CHETTY

“THAT subject to the passing of Ordinary Resolution 2 above, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant Govindarajan a/l K.Thangasamy, the senior manager of Progerex Sdn Bhd and being a person connected to Machendran a/l Pitchai Chetty, options to subscribe for up to two per centum (2%) of the total number of new ordinary shares of RM1.00 each (“*shares*”) in the Company available under the Employee Share Option Scheme (“*ESOS*”) and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS.”

BY ORDER OF THE BOARD

THUM SOOK FUN (MAICSA 7025619)  
Company Secretary  
Penang  
7 October 2003

#### *Notes:-*

- 1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
- 2. This instrument appointing a proxy, in the case of an individual, shall be signed by the appointer, or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.05, MWE Plaza, No 8, Lebuh Farquhar, 10200 Penang not less than 48 hours before the time for holding the meeting or at any adjournment thereof.*

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

**FORM OF PROXY**

No. of Shares: .....

\*I / We .....  
(BLOCK LETTER)

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

.....  
(Full Name in Block Letters)

of .....  
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Matahari III, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 22 October 2003, at 11.30 a.m. and at any adjournment thereof.

My/Our Proxy to vote is as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	Ordinary Resolution 1		
2.	Ordinary Resolution 2		
3.	Ordinary Resolution 3		
4.	Ordinary Resolution 4		
5.	Ordinary Resolution 5		
6.	Ordinary Resolution 6		
7.	Ordinary Resolution 7		
8.	Ordinary Resolution 8		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Signed this \_\_\_\_\_ day of \_\_\_\_\_ of 2003

\_\_\_\_\_  
Signature of Shareholder/Common Seal

**Notes:-**

1. *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *This instrument appointing a proxy, in the case of an individual, shall be signed by the appointer, or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang not less than 48 hours before the time for holding the meeting or at any adjournment thereof.*

