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**Malaysian Pacific Industries Berhad** (4817-U)

A Member of the Hong Leong Group Malaysia  
(Incorporated in Malaysia)

## **CIRCULAR TO SHAREHOLDERS**

in relation to

### **PART A**

**PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY**

### **PART B**

**PROPOSED SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Notice of Extraordinary General Meeting to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 October 2007 immediately upon the conclusion of the forthcoming 46<sup>th</sup> Annual General Meeting of the Company to be held at 10.15 a.m. on the same day, is sent to you together with this Circular. A Form of Proxy must be lodged at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

This Circular is dated 1 October 2007

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**PART A**

**PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF OWN SHARES BY  
THE COMPANY**

## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout Part A of this Circular:-

|                          |   |                                                                                                         |
|--------------------------|---|---------------------------------------------------------------------------------------------------------|
| “AGM”                    | : | Annual General Meeting                                                                                  |
| “Bursa Securities”       | : | Bursa Malaysia Securities Berhad                                                                        |
| “Code”                   | : | Malaysian Code on Take-Overs and Mergers 1998 as amended from time to time and any re-enactment thereof |
| “Board” or “Directors”   | : | Board of Directors of MPI                                                                               |
| “EGM”                    | : | Extraordinary General Meeting                                                                           |
| “MPI” or “the Company”   | : | Malaysian Pacific Industries Berhad                                                                     |
| “MPI Group”              | : | MPI and its subsidiaries                                                                                |
| “NA”                     | : | Net assets                                                                                              |
| “Proposed Share Buyback” | : | Proposal to enable MPI to purchase and/or hold up to ten per centum (10%) of its own Shares             |
| “RM” and “sen”           | : | Ringgit Malaysia and sen respectively                                                                   |
| “Shares”                 | : | Issued and paid-up ordinary shares of RM0.50 each in MPI                                                |
| “the Act”                | : | Companies Act, 1965 as amended from time to time and any re-enactment thereof                           |



# **Malaysian Pacific Industries Berhad** (4817-U)

A Member of the Hong Leong Group Malaysia  
(Incorporated in Malaysia)

Registered Office:  
Level 9, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

1 October 2007

## **DIRECTORS:**

Mr Kwek Leng San (Executive Chairman/Non-Independent)  
Mr David Edward Comley (Group Managing Director/Non-Independent)  
Tuan Syed Zaid bin Syed Jaffar Albar (Non-Executive Director/Independent)  
Mr Tan Keok Yin (Non-Executive Director/Independent)  
YBhg Tan Sri Asmat bin Kamaludin (Non-Executive Director/Independent)

To: The Shareholders of Malaysian Pacific Industries Berhad

Dear Sir/Madam

## **PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY**

### **1. INTRODUCTION**

At the Company's EGM held on 10 October 2006, your Directors had obtained shareholders' authorisation for the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of MPI for the time being ("Authorisation").

In accordance with Chapter 12 of the Listing Requirements of Bursa Securities, the Authorisation shall lapse at the conclusion of the forthcoming AGM scheduled for 23 October 2007, unless the Authorisation is renewed.

Consequently, on 24 September 2007, the Company announced that your Directors propose to seek shareholders' approval for renewal of the authority to undertake the Proposed Share Buyback at the forthcoming EGM to be held on Tuesday, 23 October 2007.

The purpose of this Circular is to provide you with the details of the Proposed Share Buyback and to seek your approval on the ordinary resolution to be tabled at the EGM to be convened on Tuesday, 23 October 2007, notice of which is set out in this Circular.

## 2. DETAILS OF THE PROPOSED SHARE BUYBACK

Your Directors propose to seek the renewal of authority from the shareholders of MPI for the Company to purchase and/or hold its Shares up to ten per centum (10%) of the issued and paid-up share capital of MPI for the time being. As at 10 September 2007, the Company had purchased 10,980,000 Shares which are held as treasury shares. The current issued and paid-up share capital of the Company, before adjusting for the treasury shares held, is RM104,942,209.50 divided into 209,884,419 Shares. The maximum number of Shares which may be purchased and/or held as treasury shares by the Company is 10,008,441 Shares (excluding the 10,980,000 treasury shares held), which is ten per centum (10%) of the issued and paid-up share capital of MPI.

The funding of the Proposed Share Buyback will be from internally generated funds and/or borrowings, the proportion of which will depend on the quantum of Shares purchased, the purchase consideration as well as the availability of funds of the MPI Group at the time of purchase(s). In the event that the Proposed Share Buyback is funded by bank borrowings, the amount of bank borrowings will depend on the amount of Shares purchased by the Company and its repayment capabilities. Your Directors will ensure that the Company is able to meet the repayment of such borrowings, if any. The Company's net cashflow may decline to the extent of the interest costs associated with such borrowings. The maximum fund to be allocated by the Company for the Proposed Share Buyback will be made wholly out of retained profits and/or share premium account. As of 30 June 2007, the audited retained profits and share premium of the Company were RM250.1 million and RM250.0 million respectively.

The Proposed Share Buyback will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buyback up to the conclusion of the next AGM of MPI, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM after the date on which the authority conferred by the resolution is required by law to be held, whichever occurs first.

In accordance with the Listing Requirements of Bursa Securities, MPI may only purchase the Shares on Bursa Securities at a price which is not more than fifteen per cent (15%) above the weighted average market price for the Shares for the past five (5) market days immediately preceding the date of purchase(s) and the Company may only resell treasury shares on Bursa Securities at:-

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

The Proposed Share Buyback will allow your Directors to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period. The actual number of Shares to be purchased, the total amount of funds involved for each purchase, and the timing of the purchase will depend on the prevailing market conditions and sentiments of the stock market as well as the financial resources available to the Company.

The Directors will deal with the Shares so purchased in the following manner:-

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased as treasury shares;
- (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- (iv) distribute all or part of the treasury shares as dividends to shareholders, and/or resell on Bursa Securities, and/or cancel all or part of them.

Upon each purchase of Shares, an immediate announcement will be made to Bursa Securities on the day the purchase is made in respect of the intention of the Directors whether to cancel the Shares so purchased, retain them as treasury shares or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale or cancellation of Shares.

In considering how the Shares so purchased will be dealt with, the Directors will take into consideration, inter-alia, factors such as the prevailing market price of MPI Shares, the intrinsic value of MPI Shares and effects on the earnings and NA of the MPI Group.

Your Directors will ensure that the Proposed Share Buyback and/or the resale of treasury shares will be conducted in accordance with laws prevailing at the time of the purchase and/or resale and will not engage in speculative trading activities.

### **3. RATIONALE/POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUYBACK**

The Proposed Share Buyback will enable MPI to utilise its financial resources to purchase its own Shares which may enhance the return on equity through the resultant reduction of share capital base.

The Shares to be purchased by the Company pursuant to the Proposed Share Buyback may be retained as treasury shares which can be resold in the market subsequently. In this respect, the Proposed Share Buyback may provide an opportunity for the Company to purchase its own Shares when the market prices of the Shares are below the intrinsic value in order to realise potential capital gains in the event that the market prices of the Shares appreciate in future. Therefore, the Proposed Share Buyback may enhance the value of shareholders' wealth through the increase in earnings and NA of the MPI Group. In the event that the treasury shares are distributed as dividends by MPI, the distribution may then serve as a reward to the shareholders of the Company.

The Proposed Share Buyback will, however, reduce the financial resources of MPI and may result in MPI foregoing any investment opportunities which may emerge in the future or any interest income that may be derived from depositing such funds with interest bearing instruments. The Proposed Share Buyback may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders.

The Board will consider the interest of the Company and its shareholders when undertaking the purchase of the Company's own Shares.

### **4. EFFECTS OF THE PROPOSED SHARE BUYBACK**

The effects of the Proposed Share Buyback on the share capital, earnings, NA and working capital of MPI are as set out below:-

#### **4.1 Share Capital**

On the assumption that the Proposed Share Buyback is carried out in full and the Shares so purchased, including the 10,980,000 treasury shares held, are fully cancelled, the Proposed Share Buyback will result in the issued and paid-up share capital of MPI as at 10 September 2007 to be reduced by 20,988,441 Shares from RM104,942,209.50 comprising 209,884,419 Shares to RM94,447,989.00 comprising 188,895,978 Shares as follows:-



|                                                                                                                      | <b>No of Shares</b> | <b>RM</b>      |
|----------------------------------------------------------------------------------------------------------------------|---------------------|----------------|
| Existing issued and paid-up share capital as at 10 September 2007 (before adjusting for the treasury shares held)    | 209,884,419         | 104,942,209.50 |
| No. of Shares reduced<br>(Assuming the Shares so purchased, including the treasury shares held, are fully cancelled) | 20,988,441          | 10,494,220.50  |
| Upon completion of the Proposed Share Buyback                                                                        | 188,895,978         | 94,447,989     |
| No. of Shares held in treasury as at 10 September 2007                                                               | 10,980,000          | 5,490,000      |

Pursuant to the Act, if the Shares so purchased are treated as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the company for any purposes including, without limiting the generality of this provision, the provisions of any law or requirements of the articles of association of the company or the listing rules of a stock exchange on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## 4.2 Earnings

The effect of the Proposed Share Buyback on the earnings of the MPI Group depends on the actual number of Shares purchased and the purchase price(s).

## 4.3 NA and Working Capital

The Proposed Share Buyback may increase or decrease the NA per Share depending on the purchase price(s) of the MPI Shares to be purchased. The NA per Share of the MPI Group is likely to increase if the purchase price is less than the NA per Share of the MPI Group and decrease if the purchase price exceeds the NA per Share of the MPI Group at the time when the Shares are purchased.

The Proposed Share Buyback would further reduce the working capital of the MPI Group, the quantum of which will depend on the purchase price(s) and the number of Shares that would be purchased pursuant to the Proposed Share Buyback.

## 5. DIRECTORS' SHAREHOLDINGS

The shareholdings of the Directors of MPI according to the Register of Directors' Shareholdings as at 10 September 2007, before and after the Proposed Share Buyback, are as follows:-

|                     | ←--Before Proposed Share Buyback --→ |       |                    |   | ←-- After Proposed Share Buyback @--→ |       |                    |   |
|---------------------|--------------------------------------|-------|--------------------|---|---------------------------------------|-------|--------------------|---|
|                     | No. of Shares held                   |       | No. of Shares held |   | No. of Shares held                    |       | No. of Shares held |   |
|                     | Direct                               | %     | Indirect           | % | Direct                                | %     | Indirect           | % |
| Kwek Leng San       | 315,000                              | 0.158 | -                  | - | 315,000                               | 0.167 | -                  | - |
| David Edward Comley | 60,000                               | 0.030 | -                  | - | 60,000                                | 0.032 | -                  | - |

|                                 | ←---Before Proposed Share Buyback ---→ |                    |          |   | ←-- After Proposed Share Buyback @---→ |                    |          |   |
|---------------------------------|----------------------------------------|--------------------|----------|---|----------------------------------------|--------------------|----------|---|
|                                 | Direct                                 | No. of Shares held |          | % | Direct                                 | No. of Shares held |          | % |
|                                 |                                        | %                  | Indirect | % |                                        | %                  | Indirect | % |
| Syed Zaid bin Syed Jaffar Albar | -                                      | -                  | -        | - | -                                      | -                  | -        | - |
| Tan Keok Yin                    | -                                      | -                  | -        | - | -                                      | -                  | -        | - |
| Tan Sri Asmat bin Kamaludin     | -                                      | -                  | -        | - | -                                      | -                  | -        | - |

Note:

@ Assuming the Proposed Share Buyback is implemented in full and all the Shares so purchased are either kept as treasury shares or fully cancelled

## 6. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Substantial Shareholders and their respective shareholdings according to the Register of Substantial Shareholders as at 10 September 2007, before and after the Proposed Share Buyback, are as follows:

|                                        | ←---Before Proposed Share Buyback---→ |                    |               |         | ←---After Proposed Share Buyback @ ---→ |                    |               |         |
|----------------------------------------|---------------------------------------|--------------------|---------------|---------|-----------------------------------------|--------------------|---------------|---------|
|                                        | Direct                                | No. of Shares held |               | %       | Direct                                  | No. of Shares held |               | %       |
|                                        |                                       | %                  | Indirect      | %       |                                         | %                  | Indirect      | %       |
| Hong Leong Industries Berhad           | 114,998,647                           | 57.82              | -             | -       | 114,998,647                             | 60.88              | -             | -       |
| Hong Leong Company (Malaysia) Berhad   | -                                     | -                  | 120,590,109#  | 60.63#  | -                                       | -                  | 120,590,109#  | 63.84#  |
| Tan Sri Quek Leng Chan                 | -                                     | -                  | 120,643,609** | 60.65** | -                                       | -                  | 120,643,609** | 63.87** |
| HL Holdings Sdn Bhd                    | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |
| Hong Realty (Private) Limited          | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |
| Hong Leong Investment Holdings Pte Ltd | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |
| Kwek Holdings Pte Ltd                  | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |
| Kwek Leng Beng                         | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |
| Kwek Leng Kee                          | -                                     | -                  | 120,590,109*  | 60.63*  | -                                       | -                  | 120,590,109*  | 63.84*  |

|                                                                                    | ←---Before Proposed Share Buyback---→ |                    |              |        | ←---After Proposed Share Buyback @ ----→ |                    |              |        |
|------------------------------------------------------------------------------------|---------------------------------------|--------------------|--------------|--------|------------------------------------------|--------------------|--------------|--------|
|                                                                                    | Direct                                | No. of Shares held |              | %      | Direct                                   | No. of Shares held |              | %      |
|                                                                                    |                                       | %                  | Indirect     | %      |                                          | %                  | Indirect     | %      |
| Davos Investment Holdings Private Limited                                          | -                                     | -                  | 120,590,109* | 60.63* | -                                        | -                  | 120,590,109* | 63.84* |
| Quek Leng Chye                                                                     | 150,000                               | 0.075              | 120,590,109* | 60.63* | 150,000                                  | 0.079              | 120,590,109* | 63.84* |
| Employees Provident Fund Board                                                     | 10,174,800                            | 5.12               | -            | -      | 10,174,800                               | 5.39               | -            | -      |
| Citigroup Global Markets Limited (known as Salomon Brothers International Limited) | 10,645,000                            | 5.35               | -            | -      | 10,645,000                               | 5.64               | -            | -      |

Notes:

# Held through Hong Leong Industries Berhad, HLCM Capital Sdn Bhd, Hong Leong Share Registration Services Sdn Bhd, Hong Leong Assurance Berhad, Hong Leong Bank Berhad and Asia Fountain Investment Company Limited

\* Held through Hong Leong Company (Malaysia) Berhad

\*\* Held through Hong Leong Company (Malaysia) Berhad and a company in which Tan Sri Quek Leng Chan has interest

@ Assuming the Proposed Share Buyback is implemented in full and all the Shares so purchased are either kept as treasury shares or fully cancelled

## 7. PUBLIC SHAREHOLDING SPREAD

As at 10 September 2007, the public shareholding spread of the Company was 39.08%. The public shareholding spread is expected to be reduced to 35.85% assuming the Proposed Share Buyback is implemented in full with the purchase from public shareholders and all the Shares so purchased, are either held as treasury shares or cancelled.

## 8. PURCHASES OF SHARES OR RESALE OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

As at 10 September 2007, the Company had purchased 10,980,000 Shares, which are held as treasury shares. The following are details of the purchases of own Shares made by MPI in the previous twelve (12) months preceding the date of printing of this Circular:-

| Date       | No. of Shares | Consideration paid* (RM) | Highest price paid (RM) | Lowest price paid (RM) | Average price paid (RM) |
|------------|---------------|--------------------------|-------------------------|------------------------|-------------------------|
| 02.11.2006 | 3,000         | 30,300.00                | 10.10                   | 10.10                  | 10.10                   |
| 28.05.2007 | 1,000         | 10,200.00                | 10.20                   | 10.20                  | 10.20                   |
|            | 4,000         | 40,500.00                |                         |                        |                         |

Note:

\* Excluding brokerage and stamp duty

The Shares purchased were retained in treasury. MPI has not resold any of its treasury shares in the previous twelve (12) months preceding the date of printing of this Circular.

## 9. IMPLICATION OF THE CODE

Based on the Company's Register of Substantial Shareholders as at 10 September 2007, it is unlikely that the provisions on mandatory takeovers under the Code will be triggered by any shareholder of MPI solely by reason of the Proposed Share Buyback being carried out in full.

## 10. SHARE PRICES

The monthly highest and lowest prices of the Shares traded on Bursa Securities for the last twelve (12) months from September 2006 to August 2007 are as follows:-

|             | <b>High<br/>RM</b> | <b>Low<br/>RM</b> |
|-------------|--------------------|-------------------|
| <b>2006</b> |                    |                   |
| September   | 10.30              | 10.00             |
| October     | 10.10              | 9.85              |
| November    | 10.90              | 9.90              |
| December    | 11.00              | 10.10             |
| <b>2007</b> |                    |                   |
| January     | 11.90              | 10.40             |
| February    | 11.00              | 10.00             |
| March       | 10.50              | 9.80              |
| April       | 10.60              | 10.00             |
| May         | 10.60              | 9.80              |
| June        | 10.30              | 9.40              |
| July        | 10.10              | 8.90              |
| August      | 9.60               | 8.50              |

The closing price of MPI Shares on 24 September 2007, being the latest transacted price prior to the printing of this Circular, is RM9.00.

*(Source:- The Star)*

## 11. CONDITION OF THE PROPOSED SHARE BUYBACK

The Proposed Share Buyback is conditional upon the approval from the shareholders of MPI at the forthcoming EGM to be convened.

## 12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage shareholdings and/or the voting rights of the shareholders in the Company, none of the Directors and substantial shareholders and/or persons connected with them, has any interest, direct or indirect, in the Proposed Share Buyback or any resale of treasury shares.

**13. DIRECTORS' RECOMMENDATION**

Your Directors, having taken into consideration all aspects of the Proposed Share Buyback, are of the opinion that the Proposed Share Buyback is in the best interest of the Company and accordingly, recommend that you vote in favour of the ordinary resolution for the Proposed Share Buyback to be tabled at the forthcoming EGM.

**14. EGM**

An EGM, notice of which is enclosed herein, will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 October 2007 immediately upon the conclusion of the forthcoming 46<sup>th</sup> AGM of the Company to be held at 10.15 a.m. on the same day, to seek your approval for the Proposed Share Buyback.

If you are unable to attend the EGM in person, please complete the enclosed Form of Proxy and forward it to the Registered Office of MPI at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, so as to arrive not later than forty-eight (48) hours before the time for convening the EGM or any adjournment thereof.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the EGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

**15. FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf of the Board

DAVID EDWARD COMLEY  
Group Managing Director

**PART B**

**PROPOSED SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

## DEFINITIONS

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

|                                            |   |                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM”                                      | : | Annual General Meeting                                                                                                                                                                                                                                                                                                                                                    |
| “Board” or “Directors”                     | : | Board of Directors of MPI                                                                                                                                                                                                                                                                                                                                                 |
| “BIL”                                      | : | BIL International Limited, a 59.30% subsidiary of HLCM                                                                                                                                                                                                                                                                                                                    |
| “Bursa Securities ”                        | : | Bursa Malaysia Securities Berhad                                                                                                                                                                                                                                                                                                                                          |
| “CGB”                                      | : | Camerlin Group Berhad, a 61.31% subsidiary of Guoco Group Limited                                                                                                                                                                                                                                                                                                         |
| “CGB Group”                                | : | CGB and its subsidiaries                                                                                                                                                                                                                                                                                                                                                  |
| “Corporate Office Support Services”        | : | Planning and support services provided by HLI-HUME MC such as corporate finance and advisory, legal, secretarial, accounting, treasury, tax compliance, internal audit, human resources management, payroll administration, credit control, productivity and quality improvement services and training                                                                    |
| “EGM”                                      | : | Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                             |
| “ESOS”                                     | : | Executive Share Option Scheme of MPI                                                                                                                                                                                                                                                                                                                                      |
| “GLM”                                      | : | GuocoLand (Malaysia) Berhad, an indirect 64.99% subsidiary of HLCM                                                                                                                                                                                                                                                                                                        |
| “Group Management And/Or Support Services” | : | Includes corporate advisory and legal services, treasury and risk management services, accounting and tax services, share registration, nominee and custodian/trustee and ESOS administration services, fund management, human resources management, training services, investment services, planning and compliance services and information technology related services |
| “Guardian”                                 | : | Guardian Security Consultants Sdn Bhd, an indirect 20% associate of HLCM                                                                                                                                                                                                                                                                                                  |
| “HIMB”                                     | : | Hume Industries (Malaysia) Berhad, a 64.56% subsidiary of HLCM                                                                                                                                                                                                                                                                                                            |
| “HIMB Group”                               | : | HIMB and its unlisted subsidiaries (i.e. excluding Narra Group)                                                                                                                                                                                                                                                                                                           |
| “HLA”                                      | : | Hong Leong Assurance Berhad, a wholly-owned subsidiary of HLFGB                                                                                                                                                                                                                                                                                                           |
| “HLFG”                                     | : | Hong Leong Financial Group Berhad, a 77.33% subsidiary of HLCM                                                                                                                                                                                                                                                                                                            |
| “HLG Capital”                              | : | HLG Capital Berhad, a 75% subsidiary of HLFGB                                                                                                                                                                                                                                                                                                                             |

## DEFINITIONS (Cont'd)

|                                  |   |                                                                                                                                                                                                    |
|----------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “HLI”                            | : | Hong Leong Industries Berhad, a 65.68% subsidiary of HLCM                                                                                                                                          |
| “HLI Group”                      | : | HLI and its unlisted subsidiaries (i.e. excluding MPI Group)                                                                                                                                       |
| “HLI-HUME MC”                    | : | HLI-HUME Management Co Sdn Bhd, a company owned by HLI and HIMB in the equity ratio of 51% and 49% respectively                                                                                    |
| “HLCM”                           | : | Hong Leong Company (Malaysia) Berhad                                                                                                                                                               |
| “Hong Leong Group”               | : | HLCM (a major shareholder of MPI through HLI) and persons connected with HLCM                                                                                                                      |
| “Listing Requirements”           | : | Listing Requirements of Bursa Securities, as amended from time to time                                                                                                                             |
| “MPI” or “Company”               | : | Malaysian Pacific Industries Berhad, a 57.82% subsidiary of HLI                                                                                                                                    |
| “MPI Group”                      | : | MPI and its subsidiaries                                                                                                                                                                           |
| “Narra”                          | : | Narra Industries Berhad, a 61.59% subsidiary of HIMB                                                                                                                                               |
| “Narra Group”                    | : | Narra and its subsidiary                                                                                                                                                                           |
| “Proposed Shareholders’ Mandate” | : | Shareholders’ approval for a general mandate in relation to recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the MPI Group |
| “RM” and “sen”                   | : | Ringgit Malaysia and sen respectively                                                                                                                                                              |





# **Malaysian Pacific Industries Berhad** (4817-U)

A Member of the Hong Leong Group Malaysia  
(Incorporated in Malaysia)

Registered Office:  
Level 9, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

1 October 2007

## **DIRECTORS:**

Mr Kwek Leng San (Executive Chairman/Non-Independent)  
Mr David Edward Comley (Group Managing Director/Non-Independent)  
Tuan Syed Zaid bin Syed Jaffar Albar (Non-Executive Director/Independent)  
Mr Tan Keok Yin (Non-Executive Director/Independent)  
YBhg Tan Sri Asmat bin Kamaludin (Non-Executive Director/Independent)

To: The Shareholders of Malaysian Pacific Industries Berhad

Dear Sir/Madam

## **PROPOSED SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

### **1. INTRODUCTION**

At the Company's EGM held on 10 October 2006, the Company had obtained a mandate from its shareholders for the MPI Group to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the MPI Group, with certain classes of related parties. The shareholders' mandate shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM scheduled for 23 October 2007, unless it is renewed.

In connection thereto, on 24 September 2007, the Company announced that your Directors propose to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming EGM to be held on Tuesday, 23 October 2007.

The purpose of this Circular is to provide you with details of the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolutions to be tabled at the EGM to be convened on Tuesday, 23 October 2007, notice of which is set out in this Circular.

### **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

#### **2.1 Provisions under the Listing Requirements**

Paragraph 10.09 (1) of the Listing Requirements provides that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations of a listed issuer or its subsidiaries, the listed issuer may seek a shareholders' mandate in respect of such transactions subject to the following:-

- 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;
- the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of Practice Note No. 12/2001 of the Listing Requirements;
- the issuance of circular to shareholders for the shareholders' mandate, the contents of which shall include information as set out in Part B of Appendix 10D and Appendix PN 12/2001-A of Practice Note No. 12/2001 of the Listing Requirements; and
- in a meeting to obtain shareholders' mandate, 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 him abstain from voting on the resolution approving the transactions.

Where a listed issuer has procured shareholders' mandate pursuant to the above, the provisions of paragraph 10.08 of the Listing Requirements shall not apply with regard to transactions as detailed in this section.

Accordingly, the Company proposes to seek the Proposed Shareholders' Mandate from its shareholders for the MPI Group to enter into transactions with related parties (as defined in Appendix I of this Circular) which are of a revenue or trading nature and necessary for the day-to-day operations of the MPI Group and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders.

The Proposed Shareholders' Mandate, if approved at the EGM, will take immediate effect and will continue to be in force until the conclusion of the year 2008 AGM of the Company or until the expiration of the period within which the year 2008 AGM is required by law to be held, unless revoked or varied by the Company in a general meeting, whichever is the earlier.

## **2.2 Classes of related parties**

Shareholders' approval is sought for the shareholders' mandate involving recurrent related party transactions of a revenue or trading nature which are necessary for the MPI Group's day-to-day operations and which are carried out by companies within the MPI Group with any of the following classes of related parties:-

- HLCM (a major shareholder of MPI through HLI) and persons connected with HLCM as listed in Appendix II. Other than as disclosed in Section 6 of this Circular, the other companies in the Hong Leong Group as listed in Appendix II do not hold any shares in MPI.

The details of shareholdings of HLCM and HLI in MPI are set out in Section 6 of this Circular.

### **2.3 Nature of recurrent related party transactions contemplated**

MPI is principally an investment holding company whilst the principal activities engaged by its subsidiaries are that of manufacturing, assembling, testing and sale of integrated circuits, semiconductor devices, electronic components and leadframes to customers world-wide. Details of subsidiaries of MPI undertaking the above activities are set out in Appendix III of this Circular.

The Hong Leong Group is involved in a diverse range of industries including, inter-alia, manufacturing and sale of ceramic tiles, manufacturing, assembling, sale and distribution of motorcycles, scooters and related parts and products, motorcycle engines and parts and provision of maintenance and repair services for motorcycles, banking and finance including Islamic Banking business, Takaful business, insurance, securities broking, fund management, unit trust fund services, futures broking, share registration, provision of nominee and custodian/trustee services, manufacturing and distribution of a wide range of building and infrastructural materials, production and sale of newsprint and related paper products, provision of research and development services for motorcycles and tiles, property investment and development, project and property management, hotel operations, provision of management services and information technology related services and provision of security services. In view of the diversity of the Hong Leong Group's business, it is envisaged that in the normal course of business of the MPI Group, transactions in respect of goods and/or services by companies in the MPI Group with the Hong Leong Group will occur with some degree of frequency from time to time and may arise at any time.

The Group Management And/Or Support Services are part of the shared services of companies within the Hong Leong Group. These shared services are provided in-house in order to align with the Hong Leong Group's corporate objective and management disciplines and to reduce operating cost and improve efficiency such as through economies of scale, better utilisation and allocation of resources, standardisation of processes, operating procedures and information technology. Accordingly, the Board considers it beneficial to enter into transactions in respect of the Group Management And/Or Support Services. The Group Management And/Or Support Services are carried out at arm's length, on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public and which will not be detrimental to the minority shareholders of MPI.

The Corporate Office Support Services represent the services provided by HLI-HUME MC in the planning, management and support of companies within the HLI Group, MPI Group, HIMB Group, Narra Group and CGB Group. These shared services are provided in order to reduce operating cost and improve efficiency.

(A) Details of recurrent related party transactions with the Hong Leong Group are as follows:-

| Transaction                                                                                                                                                                                                                                                                                                            | Vendor/Provider                                                                                    | Purchaser/Recipient | * Estimated aggregate value during the validity period of the Proposed Shareholders' Mandate (RM'million) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|
| a) Provision of sale and marketing services of semiconductor devices                                                                                                                                                                                                                                                   | Carsem Inc.                                                                                        | Carsem (M) Sdn Bhd  | 50                                                                                                        |
| b) Rental of shared office space at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur measuring in area of approximately 909 square feet                                                                                                                                                                   | HLI-HUME MC**                                                                                      | MPI Group           | 0.1                                                                                                       |
| c) Receipt of services:-<br><br>Stock broking services; underwriting and placement services; shares and securities services; corporate advisory services; investment and fund management services; and unit trust fund services<br><br>Insurance services<br><br>Hotel related services<br><br>Security guard services | HLG Capital and its subsidiaries<br><br>HLA<br><br>GLM, BIL and their subsidiaries<br><br>Guardian | MPI Group           | 0.3<br><br>0.2<br><br>0.4<br><br>0.1                                                                      |
| d) Receipt of Corporate Office Support Services                                                                                                                                                                                                                                                                        | HLI-HUME MC                                                                                        | MPI Group           | 2.0                                                                                                       |
| e) Receipt of Group Management And/Or Support Services                                                                                                                                                                                                                                                                 | Hong Leong Group                                                                                   | MPI Group           | 15.0                                                                                                      |

| Transaction                                                | Vendor/Provider  | Purchaser/Recipient | * Estimated aggregate value during the validity period of the Proposed Shareholders' Mandate (RM'million) |
|------------------------------------------------------------|------------------|---------------------|-----------------------------------------------------------------------------------------------------------|
| f) Payment for usage of the Hong Leong logo and trade mark | Hong Leong Group | MPI Group           | 0.1                                                                                                       |

Notes:

\* *The estimated values of the transactions from the forthcoming EGM to the date of the next AGM are based on the total values transacted during the financial year ended 30 June 2007. The values of these transactions may be subject to changes.*

\*\* *HLI-HUME MC has a tenancy agreement with HLA for the rental of the said office space for a tenure of up to 3 years with an option to renew. The rental payment is shared between HLI-HUME MC, MPI, Narra and CGB.*

#### **2.4 Method or procedures on which transaction prices are determined/review procedures for recurrent related party transactions**

To ensure that the recurrent related party transactions, which are in the ordinary course of business, are conducted at arm's length and based on commercial terms consistent with the MPI Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders, the following principles will apply:-

- i) The purchase of goods and other products and the receipt of services shall be determined based on prevailing rates/prices of the same (including where applicable, preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases) according to commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations;
- ii) The leasing/rental of properties shall be at the prevailing market rates for the same or substantially similar properties and shall be on commercial terms;
- iii) The receipt of Corporate Office Support Services are based on commercial terms;
- iv) The receipt of Group Management And/Or Support Services are based on commercial terms; and
- v) The payment for usage of the Hong Leong logo and trade mark shall be based on a fixed nominal fee.

To monitor the recurrent related party transactions, the following review procedures have been implemented:-

- i) A register is maintained to record recurrent related party transactions which are entered into pursuant to the Proposed Shareholders' Mandate; and
- ii) The Board Audit & Risk Management Committee will undertake quarterly review of recurrent related party transactions to ensure that such transactions are undertaken at arm's length, on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public, are not detrimental to the minority shareholders and are in the best interest of the MPI Group. In their review and approval of such transactions, the Board Audit & Risk Management Committee may, as they deem fit, request for additional information pertaining to the transactions from independent sources or advisers. The Board Audit & Risk Management Committee also has the discretion to revise and impose additional procedures.

The Board Audit & Risk Management Committee of the Company has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures for the recurrent related party transactions are sufficient to ensure that such transactions will be carried out at arm's length and based on commercial terms consistent with the MPI Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders.

## **2.5 Validity period of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate if approved at the forthcoming EGM to be held on Tuesday, 23 October 2007, shall take immediate effect and shall continue to be in force until:-

- (i) the conclusion of the next AGM following the forthcoming EGM on 23 October 2007 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after 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) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

The Proposed Shareholders' Mandate at each subsequent AGM is subject to the satisfactory review by the Board Audit & Risk Management Committee of the Company of its continued application to related party transactions.

## **2.6 Disclosure**

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of transactions conducted, types of transactions made, names of the related parties involved and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the financial year in accordance with paragraph 10.09(1) and Practice Note No. 12/2001 of the Listing Requirements.

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

The rationale for and the benefit of the Proposed Shareholders' Mandate to the MPI Group are as follows:-

- i) The Proposed Shareholders' Mandate will facilitate transactions with related parties in the ordinary course of business of MPI Group, undertaken at arm's length, on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public and are not to the detriment of the minority shareholders. The MPI Group has dealt with the related parties mentioned in Section 2.3 above for many years and has established good business relationship with them.
- ii) The Proposed Shareholders' Mandate will enhance the MPI Group's ability to pursue business opportunities which are time-sensitive in nature and will eliminate the need for the Company to convene separate general meetings to seek shareholders' approval for each transaction.
- iii) For certain transactions, where it is vital that confidentiality be maintained, it would not be viable to obtain prior shareholders' approval, as releasing details of the transactions prematurely may adversely affect and prejudice the MPI Group's interests and place the MPI Group at a disadvantage as compared with its competitors who may not require shareholders' approval to be obtained.
- iv) The Proposed Shareholders' Mandate will substantially reduce the expenses associated with convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channeled towards attaining other corporate objectives.
- v) In respect of the Corporate Office Support Services and Group Management And/Or Support Services, the Proposed Shareholders' Mandate will enable MPI Group to reduce operating cost and to improve efficiency, thereby improving business and administrative efficacy for MPI Group.

### **4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is not expected to have any material effect on the share capital, shareholdings of major shareholders of MPI and earnings or the net assets of the MPI Group.

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

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of MPI at the forthcoming EGM to be convened.

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

HLCM is a major shareholder of MPI through HLI. YBhg Tan Sri Quek Leng Chan, a major shareholder of MPI, is a Director and a major shareholder of HLCM. Mr Kwek Leng San is a Director and a shareholder of MPI and HLCM. YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng San and Mr Quek Leng Chye, a major shareholder of MPI, are brothers.

The shareholdings of HLCM, HLI, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng San and Mr Quek Leng Chye in MPI as at 10 September 2007 are as follows:-

|                        | <b>No. of Shares held in MPI</b> |          |                 |          |
|------------------------|----------------------------------|----------|-----------------|----------|
|                        | <b>Direct</b>                    | <b>%</b> | <b>Indirect</b> | <b>%</b> |
| HLCM                   | -                                | -        | 120,590,109*    | 60.63*   |
| HLI                    | 114,998,647                      | 57.82    | -               | -        |
| Tan Sri Quek Leng Chan | -                                | -        | 120,643,609**   | 60.65**  |
| Kwek Leng San          | 315,000                          | 0.158    | -               | -        |
| Quek Leng Chye         | 150,000                          | 0.075    | 120,590,109@    | 60.63@   |

*Notes:*

\* *Held through HLI, Hong Leong Share Registration Services Sdn Bhd, HLA, Hong Leong Bank Berhad, Asia Fountain Investment Company Limited and HLCM Capital Sdn Bhd*

\*\* *Held through HLCM and a company in which Tan Sri Quek Leng Chan has interest*

@ *Held through HLCM*

Mr Kwek Leng San had abstained and will continue to abstain from deliberation and voting on the resolution in which he has interest in pertaining to the Proposed Shareholders' Mandate at the MPI Board level.

HLCM, HLI, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng San and Mr Quek Leng Chye will abstain and will ensure that persons connected with them will abstain from voting, in respect of their direct and/or indirect interests, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming EGM to be convened.

Save as disclosed above, none of the other Directors and major shareholders of MPI and persons connected with them, has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

## **7. DIRECTORS' RECOMMENDATION**

Your Board (except for Mr Kwek Leng San who had abstained from expressing any opinion in relation to the resolution in which he has interest in), having taken into consideration all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the MPI Group and accordingly, your Board (except for Mr Kwek Leng San who had abstained from making any recommendation in relation to the resolution in which he has interest in) recommend that you vote in favour of the ordinary resolution for the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM to be convened.

## **8. EGM**

An EGM, notice of which is enclosed herein, will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 October 2007 immediately upon the conclusion of the forthcoming 46<sup>th</sup> AGM of the Company to be held at 10.15 a.m. on the same day, to seek your approval for the Proposed Shareholders' Mandate.



If you are unable to attend the EGM in person, please complete the enclosed Form of Proxy and forward it to the Registered Office of MPI at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, so as to arrive not less than forty-eight (48) hours before the time for convening the EGM or at any adjournment thereof.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the EGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

**9. FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf of the Board

SYED ZAID BIN SYED JAFFAR ALBAR  
Director

## DEFINITIONS PURSUANT TO THE LISTING REQUIREMENTS

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “related party or parties” | means a director, major shareholder or person connected with such director or major shareholder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “director”                 | shall have the meaning given in Section 4 of the Companies Act, 1965 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “major shareholder”        | <p>includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder (means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company) of the listed issuer or any other company which is its subsidiary or holding company.</p> <p>(For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act, 1965).</p>                                                                                                                                        |
| “person connected”         | <p>in relation to a director or a major shareholder, means such person who falls under any one of the following categories:-</p> <ol style="list-style-type: none"> <li>a) a member of the director’s or major shareholder’s family;</li> <li>b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a member of the director’s or major shareholder’s family is the sole beneficiary;</li> <li>c) a partner of the director, major shareholder or a partner of a person connected with that director or major shareholder;</li> <li>d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;</li> <li>e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li> </ol> |

- f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
- g) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
- h) a body corporate in which the director, major shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- i) a body corporate which is a related corporation.

## PERSONS CONNECTED WITH HLCM AS AT 10 SEPTEMBER 2007

| Company                                                                                        | Deemed interest of HLCM as at 10 September 2007 (%) | Nature of business                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. HL Management Co Sdn Bhd and its subsidiaries and/or its related corporations               | 100.00                                              | Provision of management and training services and investment holding                                                                                                                                                                                                                         |
| 2. Hong Leong Fund Management Sdn Bhd and its subsidiaries                                     | 70.00                                               | Provision of fund management, agents, nominees and custodian/trustee services                                                                                                                                                                                                                |
| 3. Hong Leong Share Registration Services Sdn Bhd                                              | 100.00                                              | Provision of share registration services                                                                                                                                                                                                                                                     |
| 4. Guardian Security Consultants Sdn Bhd                                                       | 20.00                                               | Provision of security services                                                                                                                                                                                                                                                               |
| 5. GIMC Limited                                                                                | 100.00                                              | Provision of management services                                                                                                                                                                                                                                                             |
| 6. GOMC Limited                                                                                | 100.00                                              | Provision of management services                                                                                                                                                                                                                                                             |
| 7. GuoLine Group Management Co. Limited                                                        | 100.00                                              | Investment holding                                                                                                                                                                                                                                                                           |
| 8. Hong Leong Financial Group Berhad and its unlisted subsidiaries and associated corporations | 77.33                                               | Investment holding and provision of services to its subsidiaries to enhance group value, life and general insurances, general insurance business including statutory insurance and property management services                                                                              |
| 9. Hong Leong Bank Berhad and its subsidiaries and associated corporations                     | 63.73                                               | Commercial banking business and provision of related services which include Islamic Banking business, finance company business, Takaful business, leasing and hire purchase activities, real property investment, property investment holding, agent and nominee for clients                 |
| 10. HLG Capital Berhad and its subsidiaries and associated corporations                        | 75.00                                               | Investment holding, stock and securities broking, provision of nominee and custodian services, fund management, sales of unit trust and management of unit trust funds, futures broker, corporate advisory services and mezzanine financing and provision of online stock trading facilities |

| Company                                                                                         | Deemed interest of HLCM as at 10 September 2007 (%) | Nature of business                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11. GuocoLand (Malaysia) Berhad and its subsidiaries and associated corporations                | 64.99                                               | Investment holding, property development, property investment, hotel operations, trading in securities, provision of management services and operation of oil palm estates                                                                                                                                                                                                                          |
| 12. Hong Leong Industries Berhad and its unlisted subsidiaries and associated corporations      | 65.68                                               | Investment holding, manufacturing, assembling, sale and distribution of motorcycles, scooters, motorcycle engines and related parts and products, provision of maintenance and repair service for motorcycles, manufacturing and sale of ceramic tiles, manufacturing and sale of newsprint and related paper products and provision of research and development services for motorcycles and tiles |
| 13. Camerlin Group Berhad and its subsidiaries and unlisted associated corporations             | 61.31                                               | Investment holding                                                                                                                                                                                                                                                                                                                                                                                  |
| 14. Southern Steel Berhad and its subsidiaries and associated corporations                      | 38.63                                               | Manufacturing and trading of billets, steel bars and wire rods, investment holding, manufacture and sale of steel products, steel wire products, steel pipes, wire mesh, wire ropes, galvanized wires and strands and pre-stressed concrete strands and wires                                                                                                                                       |
| 15. Hume Industries (Malaysia) Berhad and its unlisted subsidiaries and associated corporations | 64.56                                               | Investment holding, manufacture and sale of concrete products, manufacturer and sale of cement bonded particle boards, cellulose and asbestos fibre cement products and concrete roofing tiles                                                                                                                                                                                                      |
| 16. Narra Industries Berhad and its subsidiaries and associated corporations                    | 61.59                                               | Investment holding and manufacture and sale of wood-based furniture                                                                                                                                                                                                                                                                                                                                 |
| 17. Guoco Group Limited and its unlisted subsidiaries and associated corporations               | 66.81                                               | Investment holding, proprietary asset management, property investment as well as financial services including stock and commodity broking and investment advisory                                                                                                                                                                                                                                   |

| <b>Company</b>                                                                         | <b>Deemed interest of HLCM as at 10 September 2007 (%)</b> | <b>Nature of business</b>                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18. GuocoLand Limited and its unlisted subsidiaries and associated corporations        | 63.90                                                      | Investment holding, investment trading, property development and investment, property management and property related services                                                                                                                                            |
| 19. Prime Orion Philippines, Inc. and its subsidiaries and associated corporations     | 19.06                                                      | Investment holding, property development and other property-related services, manufacturing and distribution of ceramic floor and wall tiles; information technology consultancy services and insurance services                                                          |
| 20. Cyber Bay Corporation and its subsidiary                                           | 23.00                                                      | Property development                                                                                                                                                                                                                                                      |
| 21. Lam Soon (Hong Kong) Limited and its subsidiaries and associated corporations      | 58.11                                                      | Investment holding, importing, processing and trading of flour products, manufacturing, processing and trading of edible oils, processing and trading of detergent products, manufacturing and trading of metal containers, “easy-open-ends” and other packaging products |
| 22. BIL International Limited (“BIL”) and its subsidiaries and associated corporations | 59.30                                                      | BIL's primary role is as an active investor with strategic shareholdings and active investment management aimed at extracting and maximising shareholder value                                                                                                            |

## ACTIVITIES OF THE MPI GROUP AS AT 10 SEPTEMBER 2007

| <b>Name of company</b>                      | <b>Effective<br/>% held</b> | <b>Principal Activities</b>                                                  |
|---------------------------------------------|-----------------------------|------------------------------------------------------------------------------|
| Carsem (M) Sdn Bhd and its subsidiary:      | 70                          | Manufacturing and testing of semiconductor devices and electronic components |
| Carsem Semiconductor Sdn Bhd                | 70                          | Dormant                                                                      |
| Carter Realty Sdn Bhd and its subsidiary:   | 70                          | Investment holding                                                           |
| Carsem Inc.                                 | 70                          | Semiconductor devices' and electronic components' marketing agent            |
| Dynacraft Industries Sdn Bhd                | 100                         | Manufacturing and sale of leadframes                                         |
| Dyna-Craft Industries, Inc                  | 100                         | Dormant                                                                      |
| MPI (BVI) Limited                           | 100                         | Investment holding and trading in securities                                 |
| Carsem Holdings Limited and its subsidiary: | 100                         | Investment holding                                                           |
| Carsem Semiconductor (Suzhou) Co., Ltd.     | 100                         | Manufacturing and testing of semiconductor devices and electronic components |

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

This Circular had been seen and approved by the Directors who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and 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 LITIGATION, CLAIMS AND ARBITRATION**

Save for the following, MPI and its subsidiaries are not engaged in any material litigation, claims and arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against MPI and its subsidiaries or any facts likely to give rise to any proceeding which might materially and adversely affect the position and business of MPI and its subsidiaries:

Amkor Technology, Inc (“Amkor”) has filed a complaint with the International Trade Commission (“ITC”) on 17 November 2003 alleging Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd and Carsem Inc (collectively “Carsem Group”) of infringing three of Amkor’s United States Patents. Amkor has also filed a civil lawsuit at the District Court on even date alleging Carsem Group of infringement of the same three patents which are the subject of the ITC Investigation.

Following a hearing in July and August 2004, an Administrative Law Judge (“ALJ”) issued an Initial Determination finding all of the asserted claims of Amkor’s patents invalid, not infringed, or both, and no violation by Carsem Group. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

Carsem Group has now been advised by its lawyers that the ALJ has found that some but not all of Carsem Group’s devices infringed on Amkor’s patents. Carsem Group has filed a petition for review by the ITC and the motion to extend the target date for completion of this investigation by three months pending ASAT, Inc.’s subpoena enforcement proceeding (“ASAT Proceeding”).

Carsem Group’s motion is granted to the extent that the target date for completion of this investigation is extended to a date that is three months after completion of the pending ASAT Proceeding.

As at the date of this Circular, the ASAT Proceeding is still pending.

**3. MATERIAL CONTRACTS**

There are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the MPI Group during the two (2) years immediately preceding the date of this Circular.



#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of MPI at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular to the date of the EGM:

- (i) Memorandum and Articles of Association of MPI;
- (ii) Audited Financial Statements of MPI Group for the two (2) financial years ended 30 June 2006 and 2007; and
- (iii) Complaint referred to in paragraph 2 above.



# Malaysian Pacific Industries Berhad (4817-U)

A Member of the Hong Leong Group Malaysia  
(Incorporated in Malaysia)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Malaysian Pacific Industries Berhad (“the Company”) will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 October 2007 immediately upon the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company to be held at 10.15 a.m. on the same day, for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary motions:

### ORDINARY RESOLUTION 1

#### - PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY

“**THAT** subject to the Companies Act, 1965 (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company’s issued and paid-up share capital on Bursa Securities subject further to the following:

- (a) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company (“Shares”) for the time being;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company. As of 30 June 2007, the audited retained profits and share premium of the Company were RM250.1 million and RM250.0 million respectively; and
- (c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting (“AGM”) of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authority;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

AND the Directors of the Company be and are hereby authorised to deal with any Shares so purchased and any existing treasury shares (“Said Shares”) in the following manner:

- (i) cancel the Said Shares;
- (ii) retain the Said Shares as treasury shares;
- (iii) retain part of the Said Shares as treasury shares and cancel the remainder;
- (iv) distribute all or part of the Said Shares as dividends to shareholders, and/or resell on Bursa Securities and/or cancel all or part of them,

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force AND THAT the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company.”

## **ORDINARY RESOLUTION 2**

### **- PROPOSED SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH HONG LEONG COMPANY (MALAYSIA) BERHAD ("HLCM") AND PERSONS CONNECTED WITH HLCM**

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(A) of Part B of the Circular to Shareholders dated 1 October 2007 ("Circular") with HLCM and persons connected with HLCM as set out in Appendix II of the Circular ("Hong Leong Group"), provided that such transactions are undertaken in the ordinary course of business, at arm's length basis and on commercial terms which are not more favourable to Hong Leong Group than those generally available to and/or from the public and are not detrimental to the minority shareholders and that the aggregate value of the recurrent related party transactions conducted during the financial year is disclosed in the annual report of the Company by providing a breakdown of the aggregate value of the transactions made during the financial year, amongst others, based on the following information:

- (a) the type of the recurrent related party transactions made; and
- (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this Extraordinary General Meeting at which such proposed shareholders' mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date 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 general meeting,

whichever is the earlier;

AND THAT authority be and is hereby given to the Directors of the Company to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

By Order of the Board

Joanne Leong Wei Yin  
Company Secretary

Kuala Lumpur  
1 October 2007

#### **Notes:**

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.*
2. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.*



# Malaysian Pacific Industries Berhad (4817-U)

A Member of the Hong Leong Group Malaysia  
(Incorporated in Malaysia)

## FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member/members of  
Malaysian Pacific Industries Berhad, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_

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 the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 October 2007 immediately upon the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company to be held at 10.15 a.m. on the same day.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

| RESOLUTIONS                                                                                                                                                                                                                | FOR | AGAINST |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| <b>ORDINARY RESOLUTION 1</b><br>- Proposed renewal of the authority for the purchase of own shares by the Company                                                                                                          |     |         |
| <b>ORDINARY RESOLUTION 2</b><br>- Proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Number of shares held

Signature(s) of Member(s)

### Notes:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.

