

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

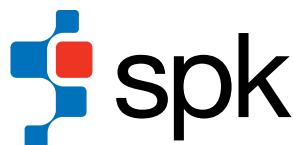
If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares of RM1.00 in Sharikat Permodalan Kebangsaan Berhad ("SPK" or "Company") ("SPK Shares"), you should at once hand this Circular to the Share Registrar (as defined herein) for onward transmission to the purchaser or transferee.

The Rights Shares and Bonus Shares (as defined herein) to be issued pursuant to the Proposed Rights Issue and Proposed Bonus Issue (as defined herein) respectively are NOT renounceable in favour of persons other than existing shareholders of SPK and will not be quoted or dealt with on any stock market of any stock exchange. As such, should the Proposed Rights Issue be approved by our shareholders, an Abridged Prospectus will NOT be issued and registered with the Securities Commission, Malaysia pursuant to Section 237 of Capital Markets Services Act, 2007.

This Circular will not be sent to the shareholders who do not have a registered address in Malaysia. Shareholders whose registered address is not in Malaysia may notify in writing to the Share Registrar an address in Malaysia, which shall be deemed to be his registered address for the purpose of receiving this Circular.

In the event of any conflict or contradiction in meaning between the English and Bahasa Malaysia versions of this Circular, the English version shall prevail.



**SHARIKAT PERMODALAN KEBANGSAAN BERHAD**

(Company No. 4115-H)

(Incorporated in Malaysia under the Companies Ordinances 1940 - 1946)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (I) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 82,778,643 NEW SPK SHARES ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SPK SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE");**
- (II) **PROPOSED BONUS ISSUE OF 82,778,643 NEW SPK SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 RIGHTS SHARE SUBSCRIBED BY THE SHAREHOLDERS OF SPK AND/OR THEIR RENOUNCEES PURSUANT TO THE PROPOSED RIGHTS ISSUE;**
- (III) **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF SPK FROM RM100,000,000 COMPRISING 100,000,000 SPK SHARES TO RM500,000,000 COMPRISING 500,000,000 SPK SHARES; AND**
- (IV) **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF SPK**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

Adviser



**AFFIN INVESTMENT BANK BERHAD (9999-V)**

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of SPK in relation to the above proposals is enclosed together with the Proxy Form in this Circular. The Proxy Form should be completed and returned in accordance with the instructions therein and should reach the Registered Office of our Company at 12th Floor, Menara Perak, No. 24, Jalan Perak, 50450 Kuala Lumpur, on or before Tuesday, 25 June 2013 at 11.15 a.m.

- Date and time of the EGM : Thursday, 27 June 2013 at 11.15 a.m. or immediately following the conclusion or adjournment (as the case may be) of our Company's 52<sup>nd</sup> Annual General Meeting (which will be held at the same venue and on the same day at 10.30 a.m.), whichever is later
- Venue of the EGM : Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur

A member entitled to attend and vote at the meeting is entitled to appoint a proxy who must be a member of the Company except that where the member is a body corporate, it is entitled to appoint any of its officers as proxy although he or she is not a member of the Company. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 5 June 2013

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## DEFINITIONS

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

Act	: Companies Act, 1965
AFFIN Investment	: AFFIN Investment Bank Berhad (9999-V)
Board	: Board of Directors of our Company
Bonus Share	: New SPK Share to be issued pursuant to the Proposed Bonus Issue
Circular	: This Circular to Shareholders of SPK dated 5 June 2013 in relation to the Proposals
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers, 2010
EGM	: Extraordinary General Meeting
Entitled Shareholder	: Our shareholder whose name appear in our Company's Record of Members on the Entitlement Date
Entitlement Date	: 5.00 p.m. as of the date (to be determined and announced by our Board at a later date upon procuring shareholders' approval for the Proposals and via SPK's website, <a href="http://www.spkb.net">www.spkb.net</a> and advertised in Utusan Malaysia and Berita Harian) on which the register of shareholders of our Company maintained by our Share Registrar will be closed to determine the shareholders' entitlement to the Proposed Rights Issue and Proposed Bonus Issue
ETP	: Economic Transformation Programme
EPS	: Earnings per Share
Excess Share Application	: Application for additional Rights Shares in excess of the Rights Shares provisionally allotted to the Entitled Shareholders via the RSF
FPE	: Financial period ended
FYE	: Financial year ended / ending, as the case may be
GDP	: Gross Domestic Product
GJSB	: Gerak Jaguh Sdn Bhd (563024-K), a major shareholder of our Company
GJSB Undertaking	: Irrevocable written undertaking from GJSB to fully subscribe for its own entitlement and the remaining Rights Shares which are not subscribed for by the other Entitled Shareholders of our Company under the Proposed Rights Issue
LPD	: 15 May 2013, being the latest practicable date prior to the printing of this Circular

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**DEFINITIONS (CONT'D)**

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M&A	:	Memorandum and Articles of Association
NA	:	Net assets
Proposals	:	Proposed Rights Issue, Proposed Bonus Issue, Proposed Increase In Authorised Share Capital and Proposed Amendment, collectively
Proposed Amendment	:	Proposed amendment to the Articles of Association of our Company
Proposed Bonus Issue	:	Proposed bonus issue of 82,778,643 Bonus Shares to be fully credited as fully paid-up on the basis of 1 Bonus Share for every 1 Rights Share subscribed by the Entitled Shareholders and/or their renouncees
Proposed Take-Over Offer	:	Contingent obligation on GJSB to undertake a take-over offer for all the remaining SPK Shares not already owned by GJSB or persons acting in concert with it pursuant to Part III Section 9 of the Code, in the event that the GJSB Undertaking results in GJSB and its parties acting in concert holding more than 33% of the voting shares in SPK
Proposed Increase In Authorised Share Capital	:	Proposed increase in the authorised share capital of SPK from RM100,000,000 comprising 100,000,000 SPK Shares to RM500,000,000 comprising 500,000,000 SPK Shares
Proposed Rights Issue	:	Proposed renounceable rights issue of 82,778,643 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of 1 Rights Share for every 1 existing SPK Share held on the Entitlement Date and renounceable only in favour of existing shareholders of SPK
NPA	:	Notice of Provisional Allotment of Rights Shares and Bonus Shares to be despatched to Entitled Shareholders separately in due course
Record of Members	:	A record of members of our Company established by our Company
Rights Share	:	New SPK Share to be issued pursuant to the Proposed Rights Issue
RM and sen	:	Ringgit Malaysia and sen respectively
R&N	:	Form of Renunciation and Nomination to be despatched to Entitled Shareholders separately in due course
RSF	:	Rights Subscription Form in relation to the Rights Shares to be despatched to Entitled Shareholders separately in due course
ShareWorks or the Share Registrar	:	ShareWorks Sdn Bhd (229948-U), our Company's share registrar
SPK or Company	:	Sharikat Permodalan Kebangsaan Berhad (4115-H)
SPK Group or Group	:	SPK and its subsidiaries, collectively
SPK-Sentosa	:	SPK-Sentosa Corporation Berhad (5347-X)

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**DEFINITIONS (CONT'D)**

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SPK Share or the Share : Ordinary share of RM1.00 each in SPK

All references to “our Company” or “SPK” in this Circular are to Sharikat Permodalan Kebangsaan Berhad and references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, our Group. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being in force and as may thereafter be amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**TABLE OF CONTENTS**

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	<b>PAGE</b>
<b>LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS	7
4. IMPLICATION OF THE CODE ARISING FROM THE GJSB UNDERTAKING	8
5. EFFECTS OF THE PROPOSALS	8
6. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP	13
7. APPROVALS REQUIRED	17
8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	17
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	17
10. CORPORATE PROPOSALS APPROVED BUT NOT COMPLETED	17
11. DIRECTORS' RECOMMENDATION	17
12. EGM	18
13. FURTHER INFORMATION	18
<b>APPENDICES</b>	
I FURTHER INFORMATION	19
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>



## SHARIKAT PERMODALAN KEBANGSAAN BERHAD

(Company No. 4115-H)

(Incorporated in Malaysia under the Companies Ordinance 1940 - 1946)

### Registered Office:

12th Floor, Menara Perak  
No. 24, Jalan Perak  
50450 Kuala Lumpur

5 June 2013

### Board of Directors:

Gen. Tan Sri Yaacob Bin Mat Zain (R) (Chairman of the Board)  
Ir. Dr. Azman Bin Ahmad (Vice Executive Chairman)  
Lt. Gen. Datuk Hj. Md Hanif Bin Hj Darimi RMAF (R) (Director)  
Abdul Rahman Bin Teh Mohamed (Director)  
Ahmad @ Misron Bin Yusof (Director)  
Hasnah Binti Mohd Salleh (Director)

**To: The shareholders of SPK**

Dear Sir/Madam,

- (I) **PROPOSED RIGHTS ISSUE;**
  - (II) **PROPOSED BONUS ISSUE;**
  - (III) **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
  - (IV) **PROPOSED AMENDMENT**
- 

### 1. INTRODUCTION

On 28 February 2013, our Board resolved to undertake the Proposals subject to your approval at the forthcoming EGM to be convened.

The purpose of this Circular is to provide you with details and information in relation to the Proposals and to seek your approval for the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM. The notice of our forthcoming EGM is enclosed in this Circular.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT OUR FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Rights Issue

#### 2.1.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails an issuance of 82,778,643 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of 1 Rights Share for every 1 existing SPK Share held by the Entitled Shareholders on the Entitlement Date.

Based on our issued and paid-up share capital as at the LPD of RM82,778,643 comprising 82,778,643 SPK Shares, a total of 82,778,643 Rights Shares will be issued pursuant to the Proposed Rights Issue.

#### 2.1.2 Basis of determining the issue price of the Rights Shares

The issue price of the Rights Shares is fixed at RM1.00 per Rights Share, which represents the par value of SPK Shares of RM1.00 each.

#### 2.1.3 Ranking of the Rights Shares

The Rights Shares will upon allotment and issuance, rank pari passu in all respects with the existing SPK Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution (other than the Bonus Shares) that may be declared, made or paid prior to the date of allotment and issuance of the Rights Shares.

#### 2.1.4 Undertakings by substantial shareholder and underwriting arrangements

To ensure the success of the Proposed Rights Issue and sufficient funds are raised, we have obtained an unconditional and irrevocable written undertaking dated 4 June 2013 from our substantial shareholder, GJSB, that it will subscribe in full for its entitlement together with the remaining Rights Shares which are not subscribed for by the other Entitled Shareholders, details of which are as follows:

	<b>No. of SPK Shares held as at LPD</b>	<b>No. of Rights Shares to be subscribed pursuant to the GJSB Undertaking</b>	<b>Issue Price</b>	<b>Amount</b>
			<b>RM</b>	<b>RM</b>
GJSB's specific entitlement	20,225,631	20,225,631	1.00	20,225,631
GJSB's maximum subscription for the remaining Rights Shares, other than its specific entitlement	-	62,553,012	1.00	62,553,012
		<b>82,778,643</b>		<b>82,778,643</b>

GJSB has, vide its letter dated 4 June 2013, confirmed that it has sufficient financial resources to subscribe for the Rights Shares pursuant to the GJSB Undertaking and such confirmation has been verified by AFFIN Investment, being the adviser for the Proposed Rights Issue.

The abovementioned GJSB Undertaking may give rise to a mandatory take-over offer obligation to the shareholders of our Company pursuant to Part III, Section 9 of the Code as the shareholding of GJSB in our Company may increase to more than 33% of our issued and paid-up share capital. Please refer to Section 4 of this Circular for further information on the implication of the Proposed Take-Over Offer arising from the GJSB Undertaking.

#### **2.1.5 Renunciation of Rights Shares**

The Proposed Rights Issue is renounceable in full or in part **ONLY** to other Entitled Shareholders. Accordingly, each Entitled Shareholder can subscribe for and/or renounce their entitlement to the Rights Shares in full or in part. Entitled Shareholders who renounce all or any part of their entitlement to the Rights Shares that are provisionally allotted to them under the Proposed Rights Issue will automatically and irrevocably relinquish any accompanying entitlement to the Bonus Shares. For the avoidance of doubt, the entitlement to the Rights Shares and Bonus Shares are combined (non-detachable) and are not separately renounceable on an individual Rights Share or Bonus Share basis. Further details on the Proposed Bonus Issue are set out in Section 2.2 of this Circular.

The Rights Shares which are not taken up by the Entitled Shareholders and/or their renouncees, if applicable, shall be made available for application under the Excess Shares Application.

All remaining Rights Shares which are not taken up by any other Entitled Shareholders after determining the allocation under the Excess Share Application shall be subscribed by GJSB pursuant to the GJSB Undertaking.

#### **2.1.6 Utilisation of proceeds**

Based on the issue price of RM1.00 per Rights Share, the intended utilisation of the total gross proceeds of RM82.779 million to be raised from the Proposed Rights Issue is set out below:

	<b>Expected timeframe of utilisation from the date of issuance of the Rights Shares</b>	<b>RM'000</b>
General working capital for operational needs, business expansion and/or diversification of landed assets of our Group and/or repayment of bank borrowings	Within 12 months	82,279
Estimated expenses in relation to the Proposals	Within 1 month	500
<b>Total</b>		<b>82,779</b>

Any variation to the amount of estimated expenses in relation to the Proposals will be adjusted from the amount allocated for the general working capital requirement of our Group.

Pending the utilisation of the proceeds from the Proposed Rights Issue, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The profit derived from the deposits with financial institutions or any gains arising from the short-term money markets instruments will be used as additional working capital for our Company.



## 2.2 Proposed Bonus Issue

### 2.2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail an issuance of 82,778,643 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 1 Rights Share subscribed by the Entitled Shareholders and/or their renounees.

The Bonus Shares shall only be issued to the Entitled Shareholders and/or their renounees who subscribe for the Rights Shares pursuant to the Proposed Rights Issue.

Accordingly, our shareholders who renounce their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue will automatically and irrevocably relinquish their entitlements to the Bonus Shares.

### 2.2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from our retained earnings.

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on our audited financial statements for the FYE 31 December 2012 is set out below:

SPK (Company Level)	Share premium	Retained Earnings	Total
	RM'000	RM'000	RM'000
Audited as at 31 December 2012	4,375	166,785	171,160
Amount to be capitalised for the Proposed Bonus Issue	-	(82,779)	(82,779)
Estimated expenses in relation to the Proposals	(500)	-	(500)
After the Proposed Bonus Issue	3,875	84,006	87,881

Our Board has confirmed that based on our latest audited financial statements for the FYE 31 December 2012, we have adequate reserves available to be capitalised for the Proposed Bonus Issue.

### 2.2.3 Ranking of the Bonus Shares

The Bonus Shares to be issued shall, upon allotment and issuance, rank pari passu in all respects with the existing SPK Shares save and except that the Bonus Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid prior to the date of allotment and issuance of the Bonus Shares.

## 2.3 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital involves the increase in the authorised share capital of our Company from RM100,000,000 comprising 100,000,000 SPK Shares to RM500,000,000 comprising 500,000,000 SPK Shares by creation of 400,000,000 new SPK Shares to enable the implementation of the Proposed Rights Issue and Proposed Bonus Issue and to cater for any increases in our share capital pursuant to any other future corporate exercises.

## 2.4 Proposed Amendment

The Proposed Amendment involves the consequential amendment to our Articles of Association to enable the implementation of the Proposed Rights Issue and Proposed Bonus Issue as set out below.

Our Company's Articles of Association is proposed to be amended as follows:

<b>Existing Article</b>	<b>Proposed Amended Article</b>
<b>Article 140B(i) of the Articles of Association</b>	<b>Article 140B(i) of the Articles of Association</b>
Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the company standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the company which shall be distributed accordingly or in towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.	Subject to the provisions of the Companies Act 1965 and any other applicable laws and regulations, any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the company or standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same (a) if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital; OR (b) in accordance with such other proportion and/or basis as may be determined by any resolution of the company (such basis of entitlement of which may include, but is not limited to, shareholders who have subscribed for shares of the company pursuant to a renounceable rights issue by the company), and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the company which shall be distributed accordingly and/or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and the directors shall give effect to such resolution.

**Important notice:**

**Your attention is drawn to the following:**

- (i) The Rights Shares and the attached Bonus Shares will be offered to all Entitled Shareholders based on their respective shareholding entitlements on the Entitlement Date;
- (ii) If, as an Entitled Shareholder, you do not subscribe for your entitlement for the Rights Shares:
  - (a) the Rights Shares and the attached Bonus Shares provisionally allotted to you will be made available to your renounees, other Entitled Shareholders who have applied for Excess Share Application and/or to GJSB, pursuant to the GJSB Undertaking;
  - (b) your shareholding proportion in the Company will be diluted to the extent of your unsubscribed Rights Shares and the attached Bonus Shares forgone with such unsubscribed Rights Shares (such Rights Shares and the attached Bonus Shares will be taken up by your renounees, other Entitled Shareholders who have applied for Excess Share Application and/or GJSB, pursuant to the GJSB Undertaking);
  - (c) you automatically and irrevocably relinquish your provisional entitlement to the Bonus Shares which are attached to the Rights Shares that you do not subscribe for; and
  - (d) you will not receive the Bonus Shares attached to such Rights Shares provisionally allotted to you or any resulting direct benefit from the Proposed Bonus Issue, which will instead accrue to your renounees, other Entitled Shareholders who have applied for Excess Share Application and/or to GJSB, pursuant to the GJSB Undertaking as elaborated in Sections 2.1.4 and 4 of this Circular.
- (iii) The Proposed Rights Issue and Proposed Bonus Issue are conditional upon the Proposed Increase in Authorised Share Capital and Proposed Amendment. Among others, the Proposed Amendment has the effect of amending the Company's Articles of Association to allow distribution of retained earnings in such other manner as may be approved by the shareholders (for example, by way of attaching Bonus Shares to the Rights Shares, as proposed under the Proposals) and not necessarily in proportion to the shareholders' shareholding in the Company;
- (iv) Our Board has decided to present the Proposals to you after taking into consideration your various feedback during previous general meetings and after careful deliberation of the following:
  - (a) The Proposals will increase SPK's issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed;
  - (b) The Proposals will enable SPK to raise much needed long term funds to finance the SPK Group's expansion while providing an equitable opportunity for our shareholders to participate in the future growth of SPK Group. As such, our Board has fixed the issue price at RM1.00 per Rights Share, being the par value of SPK Shares, to make the cash outlay for the Rights Share as affordable as possible. Taking into account the Bonus Share attached to each Rights Share, the effective outlay per SPK Share received under the Proposals is further reduced to RM0.50 per new SPK Share issued pursuant to the Proposals; and

- (c) If the Proposed Take-Over Offer is triggered pursuant to the GJSB Undertaking, SPK's shareholders who no longer wish to participate in the future growth of the SPK Group are given the opportunity to exit from the Company through the Proposed Take-Over Offer.

After considering various fund raising options, our Board has decided that the Proposals are the most appropriate method of raising capital to fund our Group's business expansion and/or diversification of the landed assets. It is our Board's sincere hope that our shareholders will subscribe for the Proposed Rights Issue and thereby receive the incentive provided by the Company in the form of Bonus Shares.

#### **Laws of foreign jurisdictions**

This Circular has not been (and will not be) made to comply with the laws of any foreign jurisdiction and has not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction.

This Circular is not intended to be (and will not be) issued, circulated and distributed in any foreign jurisdiction and the Proposed Rights Issue and Proposed Bonus Issue will not be made or offered in any foreign jurisdiction.

Accordingly, this Circular will not be sent to shareholders with foreign addresses (if applicable) who do not have a registered address in Malaysia. However, shareholders with foreign addresses (if applicable) may collect the Circular from our Share Registrar, in which event our Share Registrar shall be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

Persons receiving this Circular must not, in connection with the Proposed Rights Issue and Proposed Bonus Issue, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

### **3. RATIONALE FOR THE PROPOSALS**

#### **3.1 Proposed Rights Issue**

The Proposed Rights Issue will enable our Company to raise working capital for its operational needs, business expansion and/or diversification of our Group's landed assets.

Our Board is of the view that the Proposed Rights Issue is the most appropriate avenue for raising funds based on the following:

- (i) to enable our Company to raise funds without incurring interest expenses as compared to bank borrowings;
- (ii) to enable SPK to strengthen its capital base and its financial position so as to place SPK in a more competitive position to capitalise on new opportunities that may arise within the various industries encompassing the SPK Group's core businesses and pursue new investments or businesses offering good earnings potential; and
- (iii) to provide our shareholders with an opportunity to further participate in the equity of our Company and the continuing growth of our Group via the issuance of new SPK Shares without diluting the shareholders' existing equity interest (assuming all Entitled Shareholders fully subscribe for their respective entitlements).

### **3.2 Proposed Bonus Issue**

The Proposed Bonus Issue shall:

- (i) provide the Entitled Shareholders with a further incentive to subscribe for the Rights Shares;
- (ii) increase our Company's issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed; and
- (iii) allow the shareholders of our Company to further participate in the future prospects and growth of our Company.

### **3.3 Proposed Increase in Authorised Share Capital and Proposed Amendment**

The Proposed Increase in Authorised Share Capital and Proposed Amendment are undertaken to enable the implementation of the Proposed Rights Issue and the Proposed Bonus Issue and to cater for any increase in the share capital of our Company pursuant to any other future corporate exercises.

## **4. IMPLICATION OF THE CODE ARISING FROM THE GJSB UNDERTAKING**

Pursuant to Part III, Section 9(1)(a) of the Code, a mandatory offer shall apply to an acquirer where the acquirer has obtained "control" of a company. Under Section 216 of the CMA, control means the acquisition or holding of, or entitlement to exercise or control the exercise of, voting shares or voting rights of more than 33% in a company.

As at LPD, GJSB is our major shareholder who directly holds 20,225,631 SPK Shares representing approximately 24.4% of our issued and paid-up share capital.

Pursuant to the GJSB Undertaking and depending on the level of subscription of the Rights Shares by the Entitled Shareholders, the equity interest of GJSB in our Company may increase from the existing 24.4% to more than 33% and up to 74.8% after the issuance of the Rights Shares and Bonus Shares. As such, the mandatory offer may be triggered upon the shareholding of GJSB in our Company exceeding 33%. Under this circumstance, GJSB would be required to undertake the Proposed Take-Over Offer for the remaining SPK Shares not already owned by GJSB after the Proposed Rights Issue and Proposed Bonus Issue pursuant to Part III, Section 9(1)(a) of the Code.

The Proposed Take-Over Offer will be at RM0.50 per SPK Share, after taking into consideration the issue price of the Rights Shares and adjusting for the issuance of the Bonus Shares.

In the event that the Proposed Take-Over is triggered pursuant to the GJSB Undertaking, the take-over notice and offer document to the shareholders of our Company will be despatched accordingly upon the completion of the Proposals.

## **5. EFFECTS OF THE PROPOSALS**

The Proposed Increase in Authorised Share Capital and Proposed Amendment do not have any effect on our issued and paid-up share capital, NA and gearing, earnings and EPS and substantial shareholders' shareholdings.

## 5.1 Share capital

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on our issued and paid-up share capital are as follows:

	No. of SPK Shares	Share capital RM
Existing issued and paid-up share capital as at the LPD	82,778,643	82,778,643
To be issued pursuant to the Proposed Rights Issue	82,778,643	82,778,643
	165,557,286	165,557,286
To be issued pursuant to the Proposed Bonus Issue	82,778,643	82,778,643
<b>Enlarged issued and paid-up share capital</b>	<b>248,335,929</b>	<b>248,335,929</b>

## 5.2 NA per SPK Share and gearing

Based on our audited consolidated statements of financial position as at 31 December 2012, on the assumption that the Proposed Rights Issue and the Proposed Bonus Issue had been effected as on that date, the proforma effects of the Proposed Rights Issue and the Proposed Bonus Issue on our consolidated NA per Share and gearing of the Group are set out below:

	Audited as at 31 Dec 2012	(I) Proposed Rights Issue	(II) After (I) and the Proposed Bonus Issue
	RM '000	RM '000	RM '000
Share capital	82,779	165,557	248,336
Share premium	4,375	<sup>(1)</sup> 3,875	3,875
Capital reserves	17	17	17
Foreign exchange reserves	(634)	(634)	(634)
Retained earnings	335,032	335,032	252,253
<b>Shareholders' funds/NA</b>	<b>421,569</b>	<b>503,847</b>	<b>503,847</b>
Number of SPK Shares in issue ('000)	82,779	165,557	248,336
NA per Share (RM)	5.09	3.04	2.03
Borrowings (RM'000)	84,134	<sup>(2)</sup> 84,134	<sup>(2)</sup> 84,134
Gearing (times)	0.20	<sup>(2)</sup> 0.17	<sup>(2)</sup> 0.17

### Notes:

- (1) After deducting the estimated expenses of approximately RM500,000 in relation of the Proposals.
- (2) Assuming the proceeds from the Proposed Rights Issue are not used for the repayment of bank borrowings.

### **5.3 Earnings and EPS**

The Proposed Rights Issue and Proposed Bonus Issue are not expected to have any material impact on the earnings of our Group for the FYE 31 December 2013. The EPS is expected to be diluted after completion of the Proposed Rights Issue and Proposed Bonus Issue because of the increase in the number of SPK Shares.

Notwithstanding the above, the utilisation of the proceeds from the Proposed Rights Issue as set out in Section 2.1.6 of this Circular is expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

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## 5.4 Substantial shareholders' shareholdings structure

For illustration purposes, the effects of the Proposed Rights Issue and Proposed Bonus Issue on the substantial shareholders' shareholdings structure shall be based on two (2) scenarios:

### Scenario assumptions

<b>Scenario 1</b>	Assuming that all Entitled Shareholders fully subscribe for their respective Rights Shares entitled under the Proposed Rights Issue.
<b>Scenario 2</b>	Assuming that only GJSB subscribes for the entire Rights Shares pursuant to its own entitlement and the GJSB Undertaking.

The effects of the Proposed Rights Issue and Proposed Bonus Issue on the substantial shareholders' shareholdings structure based on our Record of Members as at the LPD are as follows:

### 5.4.1 Scenario 1:

Substantial shareholders	Existing shareholding as at the LPD				(I) Proposed Rights Issue				(II) After (I) and the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
GJSB	'000	20,226	24.4	'000	-	40,451	24.4	'000	60,677	24.4	'000	-
Mohd Ibrahim Bin Mohd Nor	5,193	6.3	-	-	10,386	6.3	-	6.3	15,579	6.3	-	-
Saiful Aznir bin Shahabuddin	-	-	(a)20,226	24.4	-	-	(a)40,451	24.4	-	-	(a)60,677	24.4

**Note:**

(a) Deemed interested by virtue of Section 6A(4) of the Act through his interest in GJSB.



#### 5.4.2 Scenario 2:

Substantial shareholders	Existing shareholding as at the LPD				(I) Proposed Rights Issue				(II) After (I) and the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000		'000		'000	
GJSB	20,226	24.4	-	-	103,004	62.2	-	-	185,783	74.8	-	-
Mohd Ibrahim Bin Mohd Nor	5,193	6.3	-	-	5,193	3.1	-	-	5,193	2.1	-	-
Saiful Aznir bin Shahabuddin	-	-	(a)20,226	24.4	-	-	(a)103,004	62.2	-	-	(a)185,783	74.8

**Note:**

(a) Deemed interested by virtue of Section 6A(4) of the Act through his interest in GJSB.

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## 5.5 Convertible securities

As at the LPD, we do not have any existing convertible securities issued.

# 6. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

## 6.1 Overview of the Malaysian Economy

The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Despite the uncertainties in the external environment, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, the low inflation environment and supportive financing conditions.

Investment activity was a key driver of the domestic economy during the year, with increased capital spending by both the private and public sectors. Private investment was particularly robust, recording a double-digit growth of 22%. The share of private investment rose to 15.5% of GDP in 2012, the highest since 1998. This was led by strong capital spending in the consumer-related services sectors, domestic-oriented manufacturing sectors and the implementation of major infrastructure projects. Public investment also registered a strong growth of 17.1%, driven by higher capital spending by public enterprises. In addition, the strong investment performance was also attributed to the commencement and progress of several infrastructure projects, including those under the Economic Transformation Programme (ETP), and the steady improvement in the investment climate.

On the supply side, all economic sectors continued to expand in 2012. The construction sector benefited from the strong expansion in investment activity, registering its highest pace of growth since 1995. While the growth of export-oriented activities was dampened by the slowdown in external demand, the growth of domestic related activities, particularly in the services and manufacturing sectors, was supported by the strong performance of domestic demand.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), averaged 1.6% in 2012 (2011: 3.2%). Inflation was lower than expected, on account of the slower rate of price increases in the *food and non-alcoholic beverages* and *transport* categories. Food items, which have been the main drivers of inflation in recent years, registered more moderate price increases following modest external price pressures and significant improvements in domestic food supplies. The magnitude of the adjustments to administered prices was also lower than in the previous year. Core inflation, an indicator of demand-driven price pressures, moderated to 2.4% in 2012 (2011: 2.7%).

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses is also expected to be higher amid the gradual improvement in external demand, while private consumption is projected to grow at a more moderate rate in the second half of the year, although it will continue to be well supported by sustained income growth and positive labour market conditions. Government spending is expected to record a lower growth given the ongoing consolidation of the Government's fiscal position and as the role of the private sector gains greater significance. In line with the more favourable external sector, gross exports are projected to record a higher growth in 2013 supported by the export of manufactured products. Gross imports are

expected to moderate, in tandem with the projected trend in domestic demand. Overall, this is expected to result in a lower negative contribution to real GDP from net exports. As import growth continues to outpace export growth amid the continued deficit in the income account and in current transfers, the current account surplus, while still remaining significant is expected to narrow further in 2013.

*(Source: Bank Negara Malaysia Annual Report 2012)*

## **6.2 Overview of the construction industry**

The construction sector posted a strong growth of 18.9% during the first half of 2012, the fastest pace since 1995. This impressive performance was underpinned by robust construction activity in the civil engineering and residential subsectors. Reflecting the buoyant construction activities, the total value of construction works rose 24.6% to RM38.1 billion. The private sector contributed 69.8% of the total value of construction works. The non-residential and civil engineering subsectors were the main contributors constituting 36.5% and 31.2% respectively, followed by the residential subsector (26.4%). For the year, the sector is expected to grow 15.5%, contributing 0.5% to the overall GDP growth.

The construction sector is envisaged to expand strongly by 11.2%, with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of ongoing construction activities, particularly from the ETP and the Second Rolling Plan construction-related projects. Of significance, exploration activities in the oil and gas industries and major projects such as the electrified double-tracking between Ipoh - Padang Besar, Jabur - Kuala Terengganu East Coast Expressway, Mass Rapid Transit and the River of Life (revitalising the Klang River) are expected to drive the growth of the civil engineering subsector. The non-residential subsector is expected to expand spurred by the industrial building segment and the commencement of construction of the Tun Razak Exchange. The residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. Key housing development projects, particularly in Sungai Buloh and Bandar Malaysia in Sungai Besi, which are expected to commence in 2013, will support residential construction activities.

*(Source: Economic Report 2012/2013, Ministry of Finance, Malaysia)*

## **6.3 Overview of the property industry**

In 2011, the Malaysian property market had maintained a growth of 14.3% in volume and 23.8% in value. Demand for housing will likely persist in 2013, following a deficit housing supply for the past 3 years.

*(Source: Real Estate and Housing Developers' Association of Malaysia)*

In 2012, the performance of new housing units in Malaysia within 9 months after launch (Q1 2012, Q2 2012 and Q3 2012) as at Q3 2012 showed a takeup rate of 46.1% for 40,304 units launched in the period under review. This represents an improvement compared to the 39.5% take-up rate recorded in the corresponding period as at Q3 2011 for 32,307 new housing launched in 2011.

*(Source: Jabatan Pernilaian dan Perkhidmatan Harta)*

The residential subsector expanded significantly by 22% during the first half of 2012 (January - June 2011: 9.9%) supported by strong demand for housing and investment purposes arising from higher household disposable income. Additionally, improved accessibility following the development of infrastructure projects further stimulated the demand for houses, especially in the suburban areas. Housing starts increased 13.1% to 60,975 units (January - June 2011: 37.8%; 53,912 units). Selangor recorded the highest number of housing starts, increasing 65.9% to 16,382 units, while Kuala Lumpur and Johor increased 49.4% and 30%, respectively. New housing approvals in Kuala Lumpur, Pulau Pinang and Selangor increase more strongly by

250%, 77.9% and 18.3%, respectively during the first half of 2012. Taking advantage of the Government's continuous efforts to increase home ownership, developers are embarking on building more affordable homes. In this regard, launches for houses priced between RM150,000 and RM250,000 increased 2.7% to 5,628 units as at end-June 2012 (end-December 2011: 5,481 units). As at end-June 2012, a total of 2,801 units of Rumah Mesra Rakyat 1Malaysia (RMR1M) were completed, while 8,752 units are under construction. This new residential supply will add to the existing stock and match the growing demand for affordable residential houses.

In terms of demand, the take-up rate of newly launched residential units improved to 17.6% (January - June 2011: 10.3%). Following this, total properties transacted increased 1.1% to 217,160 transactions valued at RM69.1 billion (January - June 2011: 18.2%; RM64.8 billion) with the residential sector accounting for 63% of the total number of transactions and 48% of total value transacted. In tandem with the better performance of new launches, the residential overhang declined 32% with a total value of RM3.8 billion during the first half of 2012 (January - June 2011: -1.4%; RM4.7 billion). The Malaysian All-House Price Index trended upwards by 7.9% to 167.3 points during the second quarter of 2012 (Q2 2011: 10.6%; 155.1 points), with Klang Valley recording the highest index at 185.3 points followed by Pulau Pinang at 181 points, respectively. Kuala Lumpur continued to record the highest average all-house price at RM491,388 followed by Selangor (RM364,722) and Pulau Pinang (RM261,601).

*(Source: Economic Report 2012/2013 - Economic Performance and Prospects, Ministry of Finance, Malaysia)*

#### **6.4 Overview of the oil and gas industry**

Given the rise in global energy demand and economic growth, the contribution from the oil and gas industry is expected to increase by approximately 20% over the next 5 years to reach RM81.9 billion or 11.1% of GDP in 2015. Upstream is expected to contribute RM43.0 billion or 5.8% of GDP whereas downstream is expected to contribute RM39.8 billion or 5.3% of GDP in 2015.

The availability of national reserves has given Malaysia distinctive advantage to focus on oil and gas industry. Solid infrastructure across the value chain such as offshore rigs, three (3) integrated petrochemical zones and a world-class liquefied natural gas ("LNG") production site have been built to support the growth. Petronas, the national oil corporation, plays a major role in driving the industry growth through its development of oil and gas resources as well as creation of opportunities for local companies to build up their capacity and capability across the value chain.

In the downstream segment, three major integrated petrochemical zones have been established and attracted foreign investments mainly from the United States of America (33.0% of total foreign investments), Germany (22.8%) and Japan (14%); while having Petronas as the main domestic investor. During the Tenth Malaysia Plan period, the investment target in petrochemical industry has been set at RM11.3 billion annually and exports from this industry are expected to reach RM27.7 billion in 2015.

To drive growth further, Malaysia will accelerate and optimise the development of remaining domestic reserves and existing infrastructure as well as support the formation of regional and global champions in contiguous business sectors. Despite the declining conventional oil and gas resource base, there remains significant potential in mature, small and technically complex fields. Malaysia has developed expertise in engineering, procurement, construction, commissioning and installation of offshore and onshore oil and gas facilities, which Malaysia can leverage to focus on oil field services and equipment. Potential opportunity also presents in the logistics which Malaysia is one of the world's largest owner and operator of LNG carriers.

*(Source: Chapter 3 - Tenth Malaysia Plan 2011 - 2015, Economic Planning Unit)*

## 6.5 Prospects of our Group

Presently our Company is primarily involved in four (4) business segments, namely property, construction, oil and gas and technology.

For our property division, we will adopt a cautious stand by introducing launches with sub-phasing, concentrating on value engineering to reduce cost and look for substitution of materials whilst continuously striving to enhance our Group's competitiveness and market position through innovation of product development and strategies. We remain hopeful of capturing a bigger market share for our property development projects based on our extensive choice of property products ranging from affordable to the mid and high end markets. We also look forward to the niche residential development of our newly acquired land in Jalan Kasawari, Ampang which is expected to be launched by the end of 2013. As at LPD, the current gross development value ("GDV") of our property development projects is approximately RM 1.98 billion.

Although the construction industry is very competitive, we will continue to pursue quality domestic projects on a selective basis to enhance our order book whilst concentrating on completing projects locally and internationally. As at LPD, our Group's current book order is approximately RM64.27 million. We have submitted tenders for construction projects valued at approximately RM935.93 million out of which the Group managed to secure one contract valued at RM129.8 million. However, 2 tenders valued at approximately RM665.85 million were unsuccessful and the outcome of the remaining tender valued at approximately RM140.27 million is still pending.

Demand is expected to increase for oil and gas support services in tandem with new projects announced by the government, which include key projects in relation to deep-sea exploration and production and the heightened brownfield rejuvenation and redevelopment initiatives to increase Malaysia's hydrocarbon reserves. In this connection, Petronas has allocated approximately RM300 billion for capital expenditure for the period between 2011 to 2015 to meet its 5-year production targets. In addition, our Group is also actively pursuing new contracts and opportunities in the oil and gas support services. Despite the Group's effort in pursuing several opportunities in oil and gas, there is difficulty in securing new contracts due to the Group's limited track record in the oil and gas industry. However, the helicopter aviation services is expected to continue with positive contributions to the Group as we pursue new helicopter aviation contracts and opportunities in the oil and gas support services. As at LPD, our Group has submitted tenders for oil and gas projects valued at approximately RM464.83 million, of which one contract valued at RM9.3 million was secured recently while the outcome for the remaining tenders is still pending. As an avenue to pursue new opportunities, our subsidiary SPK-Sentosa had on 25 July 2012 entered into a shareholders' agreement with Superior Energy Services B.V. and Superior Energy Services (KL) Sdn Bhd (formerly know as Raven Prosperity Equity Sdn Bhd) for the purpose of carrying on the business of oilfield services and equipment, specialised in serving the drilling and production-related needs of oil and gas companies, as well as plug and abandonment and decommissioning services required at the end of a well's life.

*(Source: Management of SPK)*

Barring any unforeseen circumstances, our Board after having considered all the relevant aspects, including the abovementioned prospects as well as the industry overview and outlook, is of the opinion that the Proposals are expected to contribute positively to the future earnings of our Group and enhance the shareholders' value of SPK in the medium to long term.

## **7. APPROVALS REQUIRED**

The Proposals are subject to the approval from our shareholders at the forthcoming EGM.

The Proposed Rights Issue and the Proposed Bonus Issue are conditional upon the Proposed Increase in Authorised Share Capital and Proposed Amendment. The Proposed Increase in Authorised Share Capital and Proposed Amendment are not inter-conditional upon each other.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by our Company.

## **8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION**

Barring unforeseen circumstances and subject to the receipt of the approval from our shareholders, our Board expects the Proposals to be completed by 3rd quarter 2013. The tentative timetable for the implementation of the Proposals is set out below:

<b>Date</b>	<b>Event</b>
27 June 2013	▪ Convening of EGM to obtain approval from our shareholders
Mid July 2013	▪ Announcement of the Entitlement Date for the Proposed Rights Issue and the Proposed Bonus Issue
End July 2013	▪ Entitlement Date
Mid August 2013	▪ Despatch of the NPA, RSF and R&N to the Entitled Shareholders
Mid September 2013	▪ Last day for the receipt of acceptance of and applications for the Rights Shares

Save for the date of EGM, the timetable above is tentative and subject to changes which may be necessary to facilitate the implementation procedures for the Proposed Rights Issue and Proposed Bonus Issue.

## **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save for their respective entitlements as shareholders of our Company under the Proposed Rights Issue, the rights of which are also available to all other existing shareholders of our Company as at the Entitlement Date, and the contingent interest under the GJSB Undertaking (for the purpose of ensuring the success of the Proposed Rights Issue) none of the Directors, major shareholders of our Company and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Rights Issue and the Proposed Bonus Issue.

None of our Directors have any interest in the Proposed Increase in Authorised Share Capital and Proposed Amendment.

## **10. CORPORATE PROPOSALS APPROVED BUT NOT COMPLETED**

Save for the Proposals, there are no corporate proposals that have been approved by our Board but not yet completed as at the date of this Circular.

## **11. DIRECTORS' RECOMMENDATION**

Our Board, having considered all aspects of the Proposals, including the rationale and justification for the Proposals, utilisation of proceeds of the Proposed Rights Issue and effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of our Company.

**12. EGM**

An EGM, the notice of which is set out in this Circular, will be held on Thursday, 27 June 2013 at 11.15 a.m. or immediately following the conclusion or adjournment (as the case may be) of our Company's 52nd Annual General Meeting (which will be held at the same venue and on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Proxy Form to the registered office of the Company at 12th Floor, Menara Perak, No. 24, Jalan Perak, 50450 Kuala Lumpur, so as to arrive not later than 48 hours before the time fixed for holding the EGM. The Proxy Form should be completed strictly in accordance with the instructions contained therein. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**13. FURTHER INFORMATION**

You are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,

For and on behalf of the Board of  
**SHARIKAT PERMODALAN KEBANGSAAN BERHAD**

**GEN. TAN SRI YAACOB BIN MAT ZAIN (R)**  
Chairman

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board and the Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein false or misleading.

**2. CONSENTS**

AFFIN Investment being the adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

ShareWorks, being the share registrar for the Proposed Rights Issue and Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATIONS OF CONFLICT OF INTERESTS**

Save as disclosed below, AFFIN Investment hereby declares that no conflict of interest exist or is likely to exist in relation to the role of AFFIN Investment as the adviser to SPK in relation to the Proposals.

- (i) Gen. Tan Sri Yaacob bin Mat Zain (R) ("**TSYMZ**") is a Director and the Chairman of the Board of Directors of SPK, Chairman of the Board of Directors of SPK-Sentosa, and Chairman of the Board of Directors of AFFIN Investment. TSYMZ has 1,000 SPK Shares as at the LPD. TSYMZ does not have any shareholding in AFFIN Investment as at the LPD;
- (ii) AFFIN Investment is, as at the LPD, the adviser to SPK for the Proposals and also the adviser to GJSB for the Proposed Take-Over Offer;
- (iii) AFFIN Bank Berhad ("**ABB**") and AFFIN Investment are wholly-owned subsidiaries of AFFIN Holdings Berhad. As at LPD, SPK Group has a term loan facility of RM80.0 million and overdraft facilities of RM40.0 million with ABB. ABB's lending to SPK Group is part of ABB's ordinary course of business.

Notwithstanding the above, AFFIN Investment is of the view that the relationship as described above would not give rise to a situation of conflict of interest in AFFIN Investment's role as the adviser to SPK for the Proposals based on the following reasons:

- (i) the said directorships of TSYMZ in SPK and AFFIN Investment are non-executive in nature;
- (ii) the said shareholdings of TSYMZ in SPK are nominal;
- (iii) the management and/or the Board of AFFIN Investment are not subjected to the directions of TSYMZ in the undertaking of the Proposals;
- (iv) AFFIN Investment, as a licensed investment bank, believes in the maintenance of the highest standard of professional responsibility and will ensure that it discharges its professional duty accordingly as the adviser to SPK and in relation to the Proposals, respectively;



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**APPENDIX I – FURTHER INFORMATION (CONT'D)**

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- (v) save for the professional fees/interest to be earned by AFFIN Investment as the adviser to SPK on the Proposals, there are no other direct or indirect interest to be derived from AFFIN Investment's appointment and neither is AFFIN Investment interested nor affected by the outcome of the Proposals; and
- (vi) AFFIN Investment has not provided any lending facility to the SPK Group as at the LPD.

Further, the Board of SPK have confirmed that they have been informed and are aware of the situations as described above and is agreeable to the role of AFFIN Investment as the adviser to SPK in relation to the Proposals.

#### **4. MATERIAL LITIGATION**

Save as disclosed below, as at LPD, SPK Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against SPK Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of SPK Group.

- (i) There are five (5) civil suits initiated which involve Ladang SPK Sdn Bhd ("**Ladang SPK**"), a wholly-owned subsidiary of SPK. All five (5) suits are interrelated, two (2) of which are suits initiated by Ladang SPK and three (3) are by MCK Development Sdn Bhd ("**MCK Development**") and Masbe Sdn Bhd ("**Masbe**") (a company related to MCK Development). The suits relate to parcels of land in Johor Bahru, known as the Yahya Awal Land ("**Land**"). The details of the five (5) suits are as follows:

- (a) Ladang SPK filed a claim against Malayan Banking Berhad ("**MBB**") and Masbe for a sum of RM30.0 million for the breach of an undertaking issued by MBB in favour of Ladang SPK in respect of banking facilities granted to Masbe for the purchase of the Land.

The court has fixed the matter for trial on 9 and 10 October 2013 and pre-trial case management is fixed on 2 September 2013.

The solicitors in charge are of the view that Ladang SPK has a very strong case against MBB for their breach of the said undertaking;

- (b) MCK Development filed a claim against Ladang SPK, for a declaration to grant MCK Development the right to sell the Land pursuant to a sale and purchase agreement between MCK Development and Ladang SPK dated 30 June 2004 ("**SPA**") and the proceeds of sale to be apportioned, with priority to be given to MCK Development, for the amount of RM22.5 million with interest. The facts of the case and trial documents are similar to the first suit detailed in item (a) above. Furthermore the cause of action began due to the breach of the undertaking by MBB. Therefore, the solicitors in charge are of the view the Ladang SPK's chance of winning this suit is similar to that of the first suit detailed in item (a) above.

This suit has recently been consolidated with the suit between Gromutual Berhad ("**Gromutual**") and Ladang SPK which is detailed in item (ii) below and MCK Development has filed an application to set aside the said consolidation order. The application to set aside the consolidation order has been dismissed on 24 April 2013.

The court has fixed the matter for trial on 27 and 28 November 2013 and a pre-trial case management is fixed on 4 September 2013;

- (c) MCK Development, as the plaintiff, initiated a suit against Ladang SPK, SPK and Saiful Aznir Bin Shahabudin ("**Saiful**"), Group Chief Executive Officer of SPK, as the defendants. The claims are in relation to a settlement agreement dated 6 February 2008 ("**Settlement Agreement**") and the SPA with regard to the Land. MCK Development is seeking an injunction to stop the defendants from managing or selling or transferring the Land to a third party. MCK Development is also demanding for the Land to be transferred to its name or alternatively the Land to be sold and the proceeds of the sale be paid in priority to it with the amount payable fixed at RM22.5 million with an interest of 8% to be calculated from May 2005 until full and final settlement. Also, MCK Development is demanding from SPK, a sum of RM24.0 million.

The defendants have filed an application to strike out the writ of summons by MCK Development and the court has allowed the defendants' application. MCK Development has thirty (30) days from 12 April 2013 to file an appeal against the court's decision. However, no appeal was filed and as such, the matter is no longer subsisting;

- (d) Masbe, as plaintiff, filed a suit against Ladang SPK and Saiful, as defendants, for an amount exceeding RM8.6 million from the defendants for the alleged failure to fulfil their obligations under the Settlement Agreement. The suit was struck off on 13 May 2013 with costs. However, Masbe has thirty (30) days from 13 May 2013 to appeal against the decision. If no appeal is filed by Masbe within the said period, the matter will no longer be litigated in court; and
- (e) Ladang SPK initiated a claim against MCK Development for a sum of approximately RM8.6 million in relation to the Settlement Agreement. The next case management date for this suit is fixed on 18 June 2013.

The solicitors in charge are of the view that the defendants will be successful as MCK Development has clearly breached their contractual duties and Ladang SPK is entitled to the sum of RM8.6 million with interest.

- (ii) On 30 July 2012, Gromutual, as plaintiff, filed a suit against Ladang SPK, as defendant, for: (a) an order to declare that the sale and purchase agreement dated 7 June 2011 and novation agreement dated 13 February 2012 in respect of the two (2) pieces of land situated in Johor Bahru ("**the Said Lands**") are still valid and enforceable; (b) an order that Ladang SPK will withdraw the private caveat lodged on the Said Lands; (c) an order to execute the specifics of the sale and purchase agreement; (d) general damages; and (e) special damages for the sum of approximately RM47.3 million, together with interest and costs. This matter relates to suits in item (i) above.

This suit has recently been consolidated with the suit between MCK Development and Ladang SPK which is detailed in item (i)(b) above and MCK Development has filed an application to set aside the said consolidation order.

The matter is now fixed for case management on 31 May 2013.

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**APPENDIX I – FURTHER INFORMATION (CONT'D)**

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**5. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, our Board is not aware of any material capital commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of our Group.

**Capital commitment**

	<b>Group</b>
	<b>RM'000</b>
Purchase of land bank in the ordinary course of business	80,000

**6. CONTINGENT LIABILITIES**

Save as disclosed in Section 4 of Appendix I of this Circular, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial result/position of our Group.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 12th Floor, Menara Perak, No. 24, Jalan Perak, 50450 Kuala Lumpur during normal business hours (except public holidays) from the date of this Circular up to the date of the forthcoming EGM:

- i. M&A of SPK;
- ii. Audited consolidated financial statements of SPK for the FYE 31 December 2012;
- iii. The letters of consent referred to in Section 2 above; and
- iv. Cause papers in relation to the material litigation referred to in Section 4 above.



## SHARIKAT PERMODALAN KEBANGSAAN BERHAD

(Company No. 4115-H)

(Incorporated in Malaysia under the Companies Ordinance 1940 - 1946)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting ("**EGM**") of Sharikat Permodalan Kebangsaan Berhad ("**SPK**" or "**Company**") will be held at Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 27 June 2013 at 11.15 a.m. or immediately following the conclusion or adjournment (as the case may be) of our Company's 52<sup>nd</sup> Annual General Meeting (which will be held at the same venue and on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:

#### ORDINARY RESOLUTION 1

**PROPOSED RIGHTS ISSUE OF 82,778,643 NEW ORDINARY SHARES OF RM1.00 IN SPK ("SPK SHARES") ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SPK SHARE HELD BY THE SHAREHOLDERS OF SPK ("PROPOSED RIGHTS ISSUE") AND PROPOSED BONUS ISSUE OF 82,778,643 NEW SPK SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 RIGHTS SHARE SUBSCRIBED BY THE SHAREHOLDERS OF SPK PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED BONUS ISSUE")**

**THAT** subject to the passing of Ordinary Resolution 2 and the Special Resolution and subject always to the Companies Act, 1965, approval be and is hereby given to the Directors of the Company to allot and issue by way of a rights issue (renounceable only to existing shareholders of the Company) of 82,778,643 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of 1 Rights Share for every 1 existing SPK Share held by shareholders whose names appear in the Register of Members of the Company ("**Entitled Shareholders**") as at the entitlement date to be determined by the Board at a later date ("**Entitlement Date**"), on such terms and conditions as the Board may determine and as elaborated in the Company's circular to the shareholders of the Company dated 5 June 2013 ("**Circular**");

**THAT** subject to the passing of Ordinary Resolution 2 and the Special Resolution and subject always to the Companies Act, 1965, approval be and is hereby given to the Directors of the Company to capitalise a sum of RM82,778,643 from the Company's retained earnings standing to the credit of the Profit and Loss Account of the Company as at 31 December 2012 and the same be applied towards payment in full for the issue of 82,778,643 Bonus Shares to the Entitled Shareholders and/or their renouncees who subscribed for the Rights Shares pursuant to the Proposed Rights Issue, on the basis of 1 Bonus Share for every 1 Rights Share subscribed for and held by the Entitled Shareholders as at the Entitlement Date, on such terms and conditions as the Board may determine and as elaborated in the Circular;

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Rights Issue and Proposed Bonus Issue and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue and Proposed Bonus Issue.

## ORDINARY RESOLUTION 2

### PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF SPK FROM RM100,000,000 COMPRISING 100,000,000 SPK SHARES TO RM500,000,000 COMPRISING 500,000,000 SPK SHARES

**THAT** the authorised share capital of the Company be increased from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each by the creation of 400,000,000 new ordinary shares of RM1.00 each and in consequence thereof, Clause 5 of the Company's Memorandum of Association be updated accordingly ("**Proposed Increase in Authorised Share Capital**"). Such new ordinary shares when issued shall rank pari passu in all respects with the then existing ordinary shares in the capital of the Company;

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Increase in Authorised Share Capital and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

## SPECIAL RESOLUTION

### PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF SPK ("PROPOSED AMENDMENT")

**THAT** the existing Article 140B(i) of the Articles of Association of the Company be amended to as follows:

#### Existing Article

##### Article 140B(i) of the Articles of Association

Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the company standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the company which shall be distributed accordingly or in towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

#### Proposed Amended Article

##### Article 140B(i) of the Articles of Association

Subject to the provisions of the Companies Act 1965 and any other applicable laws and regulations, any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the company or standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same (a) if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital; OR (b) in accordance with such other proportion and/or basis as may be determined by any resolution of the company (such basis of entitlement of which may include, but is not limited to, shareholders who have subscribed for shares of the company pursuant to a renounceable rights issue by the company), and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the company which shall be distributed accordingly and/or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and the directors shall give effect to such resolution.

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Amendment and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Amendment.

By Order of the Board  
**Fateh Hanum Bte Khairuddin (LS 0009093)**  
Company Secretary  
Kuala Lumpur  
5 June 2013

**Notes:**

- (1) *A member of the Company entitled to attend and vote at this meeting may appoint a proxy who must be a member of the Company, except where the member is a corporation, a proxy appointed by the corporation need not be a member of the Company.*
- (2) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or the hand of its attorney.*
- (3) *The instrument appointing a proxy must be deposited at the registered office of the Company at 12th Floor, Menara Perak, No.24, Jalan Perak, 50450 Kuala Lumpur, at least 48 hours before the time appointed for holding the meeting or adjourned meeting.*



## SHARIKAT PERMODALAN KEBANGSAAN BERHAD

(Company No. 4115-H)

(Incorporated in Malaysia under the Companies Ordinance 1940 - 1946)

No. of Shares Held

### Proxy Form

I/We\* .....NRIC No./Company No.\* .....

of .....

..... being a member/members\* of Sharikat Permodalan Kebangsaan Berhad hereby appoint..... or failing him, the Chairman of the meeting as my/our\* proxy to vote for me/us\* and on my/our\* behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 27 June 2013 at 11.15 a.m. or immediately following the conclusion or adjournment (as the case may be) of our Company's 52<sup>nd</sup> Annual General Meeting (which will be held at the same venue and on the same day at 10.30 a.m, whichever is later).

My/Our\* proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 - Proposed Rights Issue and Proposed Bonus Issue		
2.	Ordinary Resolution 2 - Proposed Increase in Authorised Share Capital		
3.	Special Resolution - Proposed Amendment		

(Please indicate with "X" in the space provided on how you wish to cast your vote)

\* Delete whichever is not applicable

Date: .....

.....  
Signature / Seal

#### Notes:

- (1) A member of the Company entitled to attend and vote at this meeting may appoint a proxy who must be a member of the Company, except where the member is a corporation, a proxy appointed by the corporation need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or the hand of its attorney.
- (3) The instrument appointing a proxy must be deposited at the registered office of the Company at 12th Floor, Menara Perak, No.24, Jalan Perak, 50450 Kuala Lumpur, at least 48 hours before the time appointed for holding the meeting or adjourned meeting.



Fold this flap for sealing

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AFFIX  
STAMP

**SHARIKAT PERMODALAN KEBANGSAAN BERHAD**  
(4115-H)

COMPANY SECRETARY  
12TH FLOOR, MENARA PERAK  
NO.24, JALAN PERAK  
50450 KUALA LUMPUR

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