

**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 in Kai Peng Berhad (“KPB” or “the Company”), you should immediately send this Circular to the agent through whom you effected the sale for transmission to the purchaser or transferee.

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**KAI PENG BERHAD**

(32395-P)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE  
AND ADDITIONAL SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

The Notice of the Extraordinary General Meeting of the Company which will be held at Ivory 3, Level 4, Holiday Villa Subang, No: 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday 31 December 2004 at 9.15 a.m., or immediately after the conclusion or adjournment (as the case may be) of the 26<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 9.00 a.m., whichever is later, or any adjournment thereof, together with the Form of Proxy are enclosed with this Circular.

The Form of Proxy must be deposited at the Registered Office of the Company at 2<sup>nd</sup> Floor Bangunan Palm Grove, No. 14 Jalan Glenmarie (Persiaran Kerjaya), Section U1, 40150 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 16 December 2004

## DEFINITIONS

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

AGM	:	Annual General Meeting
Act	:	Companies Act, 1965, as amended from time to time and any reenactment thereof
ASS	:	ASM Security Services Sdn Bhd
Board	:	Board of Directors of KPB
Director	:	Shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director of the Company (or any other company which is its subsidiary or holding company or a subsidiary of its holding company)
EGM	:	Extraordinary General Meeting
MHSB	:	Maju Holdings Sdn Bhd
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
KPB or the Company	:	Kai Peng Berhad
KPB Group or the Group	:	KPB and its subsidiaries
Listing Requirements	:	Listing Requirements of Bursa Malaysia
Major Shareholders	:	includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the Company (or any other company which is its subsidiary or holding company or a subsidiary of its holding company). For this purpose, the definition of “interest in shares” shall have the meaning given in Section 6A of the Act
NTA	:	Net Tangible Asset
Proposed Shareholders’ Mandate	:	Proposed Renewal and Additional Shareholders’ Mandate for KPB Group to enter into the Recurrent Related Party Transactions pursuant to Paragraph 10.09 of the Listing Requirements
PBSB	:	Pengangkutan Bin Sdn Bhd
PSSB	:	Perwaja Steel Sdn Bhd
Recurrent Related Party Transactions	:	Transactions of a revenue or trading nature which are necessary for the day-to-day operations entered into by the KPB Group with the Related Party in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
Related Party(ies)	:	Director(s), Major Shareholder(s), or person(s) connected to such Director or Major Shareholder of the Company
RM and sen	:	Ringgit Malaysia and sen, respectively

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# **KAI PENG BERHAD**

(32395-P)

(Incorporated in Malaysia)

## **Registered Office:**

2<sup>nd</sup> Floor  
Bangunan Palm Grove  
No. 14 Jalan Glenmarie  
(Persiaran Kerjaya)  
Section U1  
40150 Shah Alam  
Selangor Darul Ehsan

16 December 2004

## **Board of Directors**

Dato' Abu Talib bin Mohamed (*Executive Chairman*)  
Haji Ahmad Jamal bin Jamil (*Executive Deputy Chairman*)  
Chew See Yow (*Executive Director*)  
Sui Diong Hoe (*Executive Director*)  
Chong Phow Yew (*Non-Independent Non-Executive Director*)  
Ang Poo Guan (*Independent Non-Executive Director*)  
Ahmad bin Habib (*Independent Non-Executive Director*)  
Dato' Wan Ismail bin Abd Rahman (*Independent Non-Executive Director*)

**To: The Shareholders of Kai Peng Berhad**

Dear Sir/Madam,

## **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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### **1. INTRODUCTION**

At the Company's Extraordinary General Meeting held on 31 December 2003, the Company had obtained a shareholders' mandate for the Company's subsidiary to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the KPB Group. The said shareholders' mandate shall lapse at the conclusion of the forthcoming 26<sup>th</sup> AGM to be held on 31 December 2004.

On 10 December 2004, the Board of Directors announced that the Company is proposing to seek the approval of the shareholders for the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with details of the Recurrent Related Party Transactions and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM of the Company.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Shareholders' Mandate

Under Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of recurrent related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:

- i) 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;
- ii) the shareholders' mandate is subject to the 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;
- iii) the listed issuer's circular to shareholders for the shareholders' mandate shall include information set out in Part B of Appendix 10D; and
- iv) in a meeting to obtain the 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 also ensure that persons connected with him abstain from voting on the resolution approving the transactions.

### 2.2 The Group Principal Activities

The principal activity of the Company is investment holding and procuring and subcontracting of steel fabrication and engineering contracts. The subsidiaries of the Company as at 24 November 2004 and their respective principal activities are as follows:

Name of Company	Effective Equity Interest (%)	Principal Activities
Kai Peng Oil & Gas Sdn Bhd	100	Inactive
Ipstar Sdn Bhd	100	Information and communication technology services
Sierra Bay Sdn Bhd	51	Investment holding
Maju Steel Sdn Bhd	100	Manufacturing of reinforcement steel bars
Maju Egatt (M) Sdn Bhd	100	Provision of engineering services and supplies

Name of Company	Effective Equity Interest (%)	Principal Activities
Kai Peng Electrical Sdn Bhd	80	Inactive
Supermizer (M) Sdn Bhd	95	Inactive
Kai Peng Civils & Design Sdn Bhd	100	Dormant
Foodcom Corporation Sdn Bhd	70	Dormant
Maju Alat Ganti Sdn Bhd	100	Marketing and distribution of steel bars and building materials
ASM Metal Sdn Bhd	100	Marketing and distribution of scrap iron

Through the following subsidiary, the Company is involved in the Recurrent Related Party Transactions as set out in Section 2.3 of this Circular:-

Name of Company	Effective Equity Interest (%)	Principal Activities
Maju Steel Sdn Bhd (“MSSB”)	100	Manufacturing of reinforcement steel bars

The Company proposes to seek the mandate of KPB’s shareholders which will allow the Group to enter into the Recurrent Related Party Transactions at arm’s length, on the Company’s normal commercial terms that are not more favourable than those generally available to the public and are not to the detriment of minority shareholders.

### **2.3 Class and Nature of the Recurrent Related Party Transactions**

The class and nature of the Recurrent Related Party Transactions to be entered by the KPB Group are tabulated below. These Recurrent Related Party Transactions covered by the Proposed Shareholders’ Mandate are transactions to be undertaken by the KPB Group relating to the provision of or obtaining from such Related Parties, products and services in the normal course of business of the KPB Group.

Transaction Between		Nature of Existing Transactions	Interested Director, major shareholder and person connected	Nature of Relationship	*Estimated value during validity period of Mandate (RM)
KPB Group	Related Parties				
MSSB	PSSB	Purchase of raw materials mainly billets for rolling of steel bars from PSSB	Tan Sri Abu Sahid bin Mohamed (Tan Sri Abu Sahid) and Dato' Abu Talib bin Mohamed (Dato' Abu Talib)	Refer to Note 1 to 4	123,789,474.00
MSSB	PBSB	Transportation services charges payable to PBSB for transportation of billets and steel bars	Tan Sri Abu Sahid and Dato' Abu Talib	Refer to Note 1 to 4	4,765,895.00
MSSB #	ASS	Payment for security services rendered to MSSB	Tan Sri Abu Sahid and Dato' Abu Talib	Refer to Note 1 to 5	220,000.00

*Notes:*

- \* *The estimated value of the transactions from the date of the forthcoming EGM to the next AGM (tentatively on 31 December 2005) are based on the transactions and/or management estimates. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated values disclosed.*
- # *This transaction is an additional transaction not covered by the previous mandate.*
1. *Tan Sri Abu Sahid is a common director of MSSB and PSSB. He is a shareholder of KPB by virtue of his direct and indirect interest via MHSB where he has 82% equity interest in MHSB who is a shareholder of KPB. Tan Sri Abu Sahid is the Group Executive Chairman of MHSB.*
  2. *Dato' Abu Talib is a common director of MSSB and PSSB. He is also the Executive Chairman and deemed shareholder of KPB by virtue of his 18% equity interest in MHSB who is a shareholder of KPB.*
  3. *PSSB, PBSB and ASS are wholly-owned subsidiaries of MHSB and Tan Sri Abu Sahid and Dato' Abu Talib are deemed major shareholders of PSSB, PBSB and ASS by virtue that both of them are major shareholders of MHSB.*
  4. *Tan Sri Abu Sahid and Dato' Abu Talib are brothers.*
  5. *Dato' Abu Bakar bin Mohamed is a director of ASS and Dato' Abu Bakar bin Mohamed is also the brother to Tan Sri Abu Sahid and Dato' Abu Talib.*

## **2.4 Rationale for the Recurrent Related Party Transactions**

The Proposed Shareholders' Mandate is intended to enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and it may be impractical to seek shareholders' approval on a case by case basis before entering into the related party transactions of recurring nature.

As such, the Board is seeking a Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions to authorise the Group to enter into such transactions made on arm's length basis and on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company.

## **2.5 Benefits of the Recurrent Related Party Transactions**

By obtaining the Proposed Shareholders' Mandate, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such transactions occur would be eliminated. This would result in substantial time and cost savings, without either compromising corporate objectives or affecting business opportunities available to the Group.

The close relationship and co-operation between the Group and the related parties would result in the following:

- a) better communication and understanding of the Group's business needs resulting in the Group being able to better fulfill its customers' demands and become more competitive in its industry and create additional network of marketing and distribution operations for the Group.
- b) ensure timely delivery of raw materials/transportation services, commitment and reliability of quality raw materials/transportation services for the Group in order to ensure the smooth operation of the day-to-day business of the Group.

## **2.6 Review Procedures for the Recurrent Related Party Transactions**

KPB has internal control systems to ensure that the Recurrent Related Party Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. These include transacting at the prevailing market rates/prices for the service or product, on the service or product provider's usual commercial terms, and otherwise in accordance with applicable industry norm. The billets and steel bars are government controlled price items whereas the transportation services charges are based on prevailing market rates.

The Audit Committee shall review all aspects of the Recurrent Related Party Transactions where the consideration, value of the assets, capital outlay or costs thereof, equal or exceed RM1,000,000 before they are approved by the Board and entered into. Where the consideration, value of the assets, capital outlay or costs thereof, is below RM1,000,000 it need not be reviewed by the Audit Committee at the point of contract is entered into but it would be tabled to the Audit Committee for review on a quarterly basis. The Audit Committee shall ensure that these transactions are conducted at arm's length basis and on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.



Where any director has an interest (direct or indirect) in any related party transactions, such director shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

To ensure that Recurrent Related Party Transactions are conducted at arm's length and on normal commercial terms that are not more favourable to the Related Party than those generally available to the public and that they will not be detrimental to the minority shareholders, the management will monitor these transactions to ensure that they are entered into on arm's length and consistent with the Group's usual business practices and policies after taking into account the pricing, level of services, quality of products and other related factors.

## **2.7 Audit Committee Statement**

The Audit Committee is of the opinion that the review procedures stated in Section 2.6 above are sufficient and satisfactory to ensure that the Recurrent Related Party Transactions are carried out on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

## **2.8 Validity Period**

If approved at the forthcoming EGM, the Proposed Shareholders' Mandate is subject to annual review. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- a) the conclusion of the next AGM of the Company following the forthcoming EGM at which such Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless by resolution passed at a general meeting whereby the authority is renewed; or
- b) the expiration of the period within the next AGM of the Company is required to be held under Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM.

## **2.9 Disclosure**

Disclosure will be made in the annual report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the Recurrent Related Party Transactions based on the type, the names of the related parties involved and their relationship with the Company. Disclosure will be made in the annual reports for subsequent financial years during the period the Proposed Shareholders' Mandate remains in force.

### 3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

As at 24 November 2004, the direct and indirect interests of the interested Director and person connected to them in KPB are as follows:

	Number of shares held			
	Direct	%	Indirect	%
<b>Interested Directors</b>				
Dato' Abu Talib bin Mohamed	-	-	*1,123,000	1.25
<b>Person Connected to Director</b>				
Tan Sri Abu Sahid bin Mohamed	1,460,600	1.63	*1,123,000	1.25

\* Deemed interested by virtue of their substantial shareholdings in MHSB.

Based on the details in Section 2.3, Dato' Abu Talib bin Mohamed being an interested Director, has abstained and will continue to abstain from all Board deliberations in relation to the Proposed Shareholders' Mandate. He will abstain from voting in respect of his direct and/or indirect shareholdings in KPB on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming EGM.

Tan Sri Abu Sahid bin Mohamed being a person connected to Dato' Abu Talib bin Mohamed, will abstain from voting in respect of his direct and/or indirect shareholdings in KPB on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming EGM.

In addition, Dato' Abu Talib bin Mohamed and Tan Sri Abu Sahid bin Mohamed will ensure that persons connected to them, if any, will abstain from voting in respect of their direct and indirect shareholdings in KPB on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming EGM.

Save as disclosed, none of the other Directors and Major Shareholders of KPB or persons connected to them have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

### 4. DIRECTORS' RECOMMENDATION

The Board (with the exception of Dato' Abu Talib bin Mohamed) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of the Company and its shareholders and is not to the detriment of minority shareholders.

Accordingly, the Board (with the exception of Dato' Abu Talib bin Mohamed) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

### 5. FINANCIAL EFFECTS

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

**6. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate requires the approval of the shareholders at the forthcoming EGM. The Proposed Shareholders' Mandate is not subject to the approval from other authorities.

**7. EXTRAORDINARY GENERAL MEETING**

An EGM, the notice of which is enclosed in this Circular, will be held at Ivory 3, Level 4, Holiday Villa Subang, No: 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday 31 December 2004 at 9.15 a.m., or immediately after the conclusion or adjournment (as the case may be) of the 26<sup>th</sup> AGM of the Company, which will be held at the same venue and on the same day at 9.00 a.m., whichever is later, or any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the EGM, you should complete and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at 2<sup>nd</sup> Floor Bangunan Palm Grove, No. 14 Jalan Glenmarie (Persiaran Kerjaya), Section U1, 40150 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**8. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of Directors  
KAI PENG BERHAD

CHEW SEE YOW  
Executive Director

**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

Save as disclosed below, there are no material contracts, including contracts not reduced in writing, (not being contracts entered into the ordinary course of business) that have been entered into by KPB and/or its subsidiary companies during the 2 years immediately preceding the date of this Circular:

- (i) Sale and Purchase Agreement dated 17 February 2003 between Ipstar Sdn Bhd (a wholly-owned subsidiary of KPB) and Chin Sin Oon for the proposed acquisition of 24.5% of the issued and paid-up capital of Sierra Bay Sdn Bhd for a total consideration of RM4.9 million only;
- (ii) Sale and Purchase Agreement dated 16 May 2003 between Ipstar Sdn Bhd (a wholly-owned subsidiary of KPB) and Chin Sin Oon for the further proposed acquisition of 26.5% of the issued and paid-up capital of Sierra Bay Sdn Bhd for a total cash consideration of RM5.3 million only.
- (iii) Sale and Purchase Agreement dated 14 August 2003 between KPB and Rich Assets Development Sdn Bhd for the disposal of the piece of leasehold land held under Pajakan Mukim 2 Lot No: 21793 Mukim of Batu Daerah Wilayah Persekutaun together with a factory erected thereon for a total cash consideration of RM7.5 million only;
- (iv) Second Supplemental Agreement dated 18 February 2004 entered into between KPB, Premier Tube Sdn Bhd, Maju Holdings Sdn Bhd and Dato' Khairuddin bin Abdul Rahman to further extend the Sale and Purchase Agreement dated 06 July 2001 for another six months from 18 February 2004; and
- (v) Sale and Purchase Agreement dated 17 May 2004 between KPB and Rimau Bina Sdn Bhd for the disposal of the piece of leasehold land held under H S (D) 98499, No: PT 713, Section 16 in Town of Shah Alam, District of Petaling, State of Selangor for a total consideration of RM7.0 million only.

**3. MATERIAL LITIGATION**

KPB Group are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against KPB or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially affect the position or business of KPB Group.

4. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection at the Registered Office of KPB at 2<sup>nd</sup> Floor Bangunan Palm Grove, No. 14 Jalan Glenmarie (Persiaran Kerjaya), Section U1, 40150 Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to the date of the EGM:

- (i) Memorandum and Articles of Association of KPB;
- (ii) Audited Financial Statements of KPB for the two (2) financial years ended 30 June 2003 and 30 June 2004;
- (iii) The unaudited results of KPB for the three (3) months period ended 30 September 2004; and
- (iv) The material contracts referred to in Section 2 above.

# **KAI PENG BERHAD**

(32395-P)

(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Ivory 3, Level 4, Holiday Villa Subang, No: 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday 31 December 2004 at 9:15 a.m., or immediately after the conclusion or adjournment (as the case may be) of the 26<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 9.00 a.m., whichever is later, or any adjournment thereof, for the purpose of considering and if thought fit, to pass the following ordinary resolution:-

### **ORDINARY RESOLUTION**

#### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.3 of the Circular to Shareholders dated 16 December 2004 subject further to the following:-

- i) the transactions are necessary for day to day operations, carried out in the ordinary course of business, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- ii) disclosure be made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year which must provide a breakdown of the aggregate value of the Recurrent Related Party 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 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 time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company 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 a resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors and/or any one of them be and is/are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they/he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.”

BY ORDER OF THE BOARD  
CHAN LAI CHOON  
Secretary

Shah Alam  
16 December 2004

NOTES:

1. A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
3. Duly completed proxy forms must be deposited at the Company's Registered Office, 2<sup>nd</sup> Floor Bangunan Palm Grove, No. 14 Jalan Glenmarie (Persiaran Kerjaya), Section U1, 40150 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time fixed for the Meeting.

# KAI PENG BERHAD

(32395-P)

(Incorporated in Malaysia)

## Form of Proxy

I/We \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

being a member(s) of KAI PENG BERHAD holding \_\_\_\_\_

shares hereby appoint \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

or failing him, 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 Ivory 3, Level 4, Holiday Villa Subang, No: 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday 31 December 2004 at 9.15 a.m., or immediately after the conclusion or adjournment (as the case may be) of the 26<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 9.00 a.m., whichever is later, or any adjournment thereof, in the manner indicated below:

	FOR	AGAINST
<b>ORDINARY RESOLUTION –</b> Proposed Renewal of Shareholders' Mandate and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

\_\_\_\_\_  
Signature of shareholder(s)

### NOTES:

1. A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
3. Duly completed proxy forms must be deposited at the Company's Registered Office, 2<sup>nd</sup> Floor Bangunan Palm Grove, No. 14 Jalan Glenmarie (Persiaran Kerjaya), Section U1, 40150 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time fixed for the Meeting.



*Fold this flap for sealing*

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AFFIX  
STAMP

The Company Secretary  
**KAI PENG BERHAD**  
2<sup>nd</sup> Floor Bangunan Palm Grove  
No. 14 Jalan Glenmarie (Persiaran Kerjaya)  
Section U1, 40150 Shah Alam  
Selangor Darul Ehsan

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