



Your Ref No.

Our Ref No.

FOR IMMEDIATE PRESS RELEASE

BY FAX/ HAND

12 April 2017

SURUHANJAYA SEKURITI MALAYSIA

No. 3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

Attention: Puan Zulaiha Subohi
Jabatan Pengambilalihan dan Percantuman

Puan,

MALAYSIA PACKAGING INDUSTRY BERHAD ("MAYPAK" OR THE "COMPANY")

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016 INVOLVING MAYPAK ("PROPOSED SCR")

We refer to the above and wish to inform Securities Commission Malaysia that the board of directors of Maypak ("**Board**") has, today, received a letter from Taisei Lamick Co., Ltd. ("**TLC**" or the "**Non-Entitled Shareholder**"), who holds approximately 95.12% equity interest in Maypak, requesting the Company to undertake the Proposed SCR ("**SCR Offer Letter**"). A copy of the above-mentioned SCR Offer Letter is attached herewith for your information in accordance with the Malaysian Code on Take-Overs and Mergers, 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016.

The Proposed SCR involves Maypak undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 117 of the Act in respect of the ordinary shares in Maypak ("**Maypak Share(s)**") held by all the shareholders of Maypak (other than the Non-Entitled Shareholder) ("**Entitled Shareholders**"), whose names appear in the Record of Depositors of Maypak as at the close of business on an entitlement date to be determined and disclosed later by the Board of Maypak ("**Entitlement Date**"). Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM2,052,680, which represents a cash repayment of RM1.00 for each Maypak Share held by the Entitled Shareholders on the Entitlement Date. Upon successful completion of the Proposed SCR, Maypak will be a wholly-owned subsidiary of the Non-Entitled Shareholder. Further details of the Proposed SCR are set out in the SCR Offer Letter.

Further thereto, we also wish to inform the SC that, the Board of Maypak (save for Takunari Oshitani, Masaharu Yamaguchi and Hisaya Matsumoto, all of whom are deemed interested in the Proposed SCR ("**Interested Directors**")) had, at the Board meeting on 12 April 2017 ("**Board Meeting**"), deliberated on the SCR Offer Letter and agreed to table the Proposed SCR to the Entitled Shareholders for their consideration at the forthcoming EGM.

At the Board Meeting,

- (a) the Board had appointed RHB Investment Bank Berhad as the Principal Adviser for the Proposed SCR; and
- (b) the Board (save for the Interested Directors) had appointed Mercury Securities Sdn Bhd as the independent adviser to advise the non-interested directors and the Entitled Shareholders in relation to the Proposed SCR.

Yours faithfully,
For and on behalf of
MALAYSIA PACKAGING INDUSTRY BERHAD



DATUK SULAIMAN BIN DAUD
Chairman / Senior Independent Non-Executive
Director



**TAUFIQ AHMAD @ AHMAD MUSTAPHA
GHAZALI**
Independent Non-Executive Director

Encl.

c.c. Taisei Lamick Co., Ltd.

Securities Commission Malaysia

Attention : Puan Zulaiha Subohi
General Manager and Head, Takeovers & Mergers
Fax No. : 03-6201 5158

Company : The News Straits Times
Attention : The Editor, Business Section
Fax No. : 03-2056 7151

Company : The Star
Attention : The Editor, Business Section
Fax No. : 03-7957 0694

Company : Berita Harian
Attention : The Editor, Business Section
Fax No. : 03-2056 7081 / 2056 7082

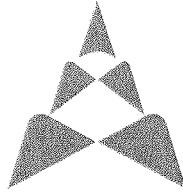
Company : Utusan Melayu / Utusan Malaysia
Attention : The Editor, Business Section
Fax No. : 03-9222 7876

Company : The Sun
Attention : The Editor, Business Section
Fax No. : 03-7785 2624 / 2625

Company : Bernama
Attention : The Editor, Business Section
Fax No. : 03-2694 7013

Company : The Edge
Attention : The Editor
Fax No. : 03-7721 8038

Company : Nanyang Siang Pau
Attention : The Editor, Business Section
Fax No. : 03-7872 6993



TAISEI LAMICK CO., LTD.

(Company No. 0300-01-031015)
(Incorporated in Tokyo, Japan)

12 April 2017

The Board of Directors
MALAYSIA PACKAGING INDUSTRY BERHAD
6 ½ Miles, Simpang Salak South Baru
(Lot 3, Jalan Kuchai Lama)
58200 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs,

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MALAYSIA PACKAGING INDUSTRY BERHAD (“MAYPAK” OR THE “COMPANY”) PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016 (“ACT”) INVOLVING MAYPAK (“PROPOSED SCR”)

1. INTRODUCTION

We, Taisei Lamick Co., Ltd. (“**TLC**” or the “**Non-Entitled Shareholder**”), hereby write to request Maypak to undertake a selective capital reduction and repayment exercise under Section 117 of the Act.

The Proposed SCR serves as a continuation of the previous privatisation exercise undertaken by TLC through RHB Investment Bank Berhad (“**RHB Investment Bank**”). Under the previous privatisation exercise, TLC, had undertaken the following-

- (a) On 15 September 2016, TLC through RHB Investment Bank had extended an unconditional mandatory take-over offer to the shareholders of Maypak to acquire all the remaining ordinary shares of Maypak (“**Maypak Share(s)**”) not already held by TLC (“**MGO**”). Following the close of the MGO on 5 December 2016, the trading in Maypak Shares was suspended on 14 December 2016 and Maypak was officially delisted from the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 9 January 2017; and
- (b) On 22 December 2016, TLC issued a notice under Section 223 of the Capital Markets and Services Act, 2007 (“**Section 223 Notice**”) to the shareholders of Maypak who have not accepted the MGO, informing them of their rights to dispose their Maypak Shares to TLC based on the same terms as the MGO which had lapsed on 6 March 2017.

Pursuant to the above, TLC currently holds 39,990,144 Maypak Shares, representing approximately 95.12% equity interest in Maypak.

Upon successful completion of the Proposed SCR, TLC will hold 100% equity interest of Maypak. The details on the Proposed SCR are set out in the ensuing sections of this letter.

2. DETAILS OF THE PROPOSED SCR

- 2.1 The Proposed SCR involves Maypak undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 117 of the Act in respect of the Maypak Shares held by all the shareholders of Maypak (other than the Non-Entitled Shareholder), whose names appear in the Record of Depositors of Maypak as at the close of business on an entitlement date to be determined and disclosed later by the board of directors ("**Board**") of Maypak ("**Entitlement Date**") ("**Entitled Shareholders**").
- 2.2 As at 7 April 2017 ("**LPD**"), Maypak has a share capital of RM42,042,824 comprising 42,042,824 Maypak Shares, of which the Non-Entitled Shareholder holds 39,990,144 Maypak Shares, representing approximately 95.12% of the share capital of Maypak.
- 2.3 The Entitled Shareholders hold 2,052,680 Maypak Shares as at LPD, representing approximately 4.88% of the share capital of Maypak.
- 2.4 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM2,052,680, which represents a cash repayment of RM1.00 ("**SCR Cash Amount**") for each in Maypak Share held by the Entitled Shareholders on the Entitlement Date. For avoidance of doubt, the Non-Entitled Shareholder will not be entitled to the repayment of capital pursuant to the Proposed SCR.
- 2.5 Upon successful completion of the Proposed SCR ("**Completion**"), the share capital of Maypak will be reduced by RM2,052,680, by way of cancellation of 2,052,680 Maypak Shares held by the Entitled Shareholders.
- 2.6 The Non-Entitled Shareholder will hold the remaining 39,990,144 Maypak Shares, which are not cancelled pursuant to the Proposed SCR. The said Maypak Shares will amount to the entire issued and paid-up share capital of Maypak, which would result in Maypak being a wholly-owned subsidiary of the Non-Entitled Shareholder.
- 2.7 The Proposed SCR will be funded by way of an advance from the Non-Entitled Shareholder and/or financing facilities to be obtained by Maypak from financial institution(s). The Non-Entitled Shareholder has confirmed that the Proposed SCR will not fail by reason of insufficient financial capability of Maypak or the Non-Entitled Shareholder. RHB Investment Bank, being the Principal Adviser to Maypak for the Proposed SCR, is satisfied that the Proposed SCR will not fail by reason of insufficient financial capability of Maypak or the Non-Entitled Shareholder.
- 2.8 The SCR Cash Amount was arrived at after taking into consideration, amongst others, the following:-
 - (i) the SCR Cash Amount is equivalent to the revised offer price of RM1.00 per Maypak Share pursuant to the MGO (as defined in **Section 1**); and
 - (ii) the last transacted price of Maypak Shares of RM1.00 per Maypak Share on 13 December 2016, being the last trading day prior to the suspension of trading of Maypak Shares on the Main Market of Bursa Securities.

3. RATIONALE

The Proposed SCR provides a final opportunity for the Entitled Shareholders to exit and realise their investments in the unlisted Maypak Shares, taking into consideration the following:-

- (i) the trading liquidity of Maypak Shares;

Since the delisting of Maypak from the Main Market of Bursa Securities on 9 January 2017, the Entitled Shareholders may experience difficulty in realising their investments in Maypak as there is no formal market for the trading of the unlisted Maypak Shares;

- (ii) the lack of visibility of information on the Company; and

Being an unlisted public entity, Maypak is no longer subject to the requirements and obligations of a regulatory framework, i.e. Bursa Securities. This may lead to the lack of transparency and visibility of information that are usually disclosed to the public on a timely basis such as the financial performance and position, material developments and structural change of Maypak;

- (iii) the current operating environment of the Company

Since the FYE 31 December 2013, the Company had recorded consecutive losses. Although the management is undertaking its best efforts to turn the operations of the Company into a profitable business, it is pertinent to note that there is no assurance that such efforts may be successful. Further, the Company is also currently undergoing the relocation of its entire business operations to another factory/building by 1 July 2017 pursuant to the compulsory land acquisition by the government ("**Relocation**"). As a result thereof, the Company is potentially exposed to the risks relating to the Relocation, which includes amongst others, delays in the construction of the new factory buildings, disruptions of operations and loss of business/customers due to such disruptions. There is no assurance that Maypak will be able to obtain all the necessary permits and business licences on a timely basis and that the compensation awarded by the government in relation to the compulsory land acquisition is sufficient to cover all the costs of the Relocation.

The Proposed SCR is intended to provide Maypak with the flexibility to undertake any corporate exercises/schemes in the future, which may otherwise require lengthy shareholders' and regulatory approvals. It will also eliminate the administrative efforts and costs which can be utilised more effectively and efficiently in the core business of Maypak.

4. NON-ENTITLED SHAREHOLDER

Given that the Proposed SCR is at our request, we hereby confirm that:-

- (a) the directors of Maypak who are deemed interested in the Proposed SCR (namely Takunari Oshitanai, Masaharu Yamaguchi and Hisaya Matsumoto) will continue to abstain from Board of Maypak's deliberations in relation to the Proposed SCR; and
- (b) TLC, and any persons connected to us, if any, will abstain from voting in respect of our direct and/or indirect interests in Maypak, if any, on the Special Resolution (as defined in Section 6(c) below). We will also ensure that persons connected to us, if any, will abstain from voting in respect of its direct and/or indirect shareholdings in Maypak, if any, on the Special Resolution.

In addition, we also hereby confirm that as at the LPD:-

- (i) we have not received any irrevocable undertaking from any Entitled Shareholder to vote in favour of the special resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM of the Company; and
- (ii) we are not aware of any existing or proposed agreement, arrangement or understanding in relation to the Maypak Shares between us and any of the Entitled Shareholders.

5. DISTRIBUTION

If Maypak declares, makes and/or pays any dividend or undertakes a distribution of any other nature whatsoever (collectively, "**Distribution**") after the date of this letter up to the Completion, the SCR Cash Amount shall be reduced by an amount equivalent to the net Distribution made per Maypak Share.

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6. CONDITIONS PRECEDENT

Completion shall be subject to the fulfilment of all requisite conditions precedent including, but not limited to the following:

- (a) the approval of the Board of Maypak for the Proposed SCR and all the members of the Board of Maypak making the solvency statement in accordance with Section 117(3) of the Act;
- (b) the clearance by the SC of the circular, offer document and independent advice letter to the shareholders of Maypak pursuant to the Proposed SCR;
- (c) the approval of the shareholders of Maypak for the Proposed SCR via a special resolution to be tabled at the forthcoming EGM for the Proposed SCR ("**Special Resolution**"), and the Special Resolution:-
 - (i) is required to be approved by at least a majority in number of the Entitled Shareholders and 75% in value to the votes attached to Maypak Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM; and
 - (ii) must not be voted against by more than 10% of the votes attached to the Maypak Shares held by the Entitled Shareholders of the total voting shares of Maypak;
- (d) the approval and/or consent of the existing financiers and/or creditors of Maypak, where required; and
- (e) where required, the approval or consent of any other relevant governmental or regulatory authority or parties.

The Proposed SCR will become effective once the Registrar of Companies has recorded the information lodged with the Registrar pursuant to Section 119 of the Act in the appropriate register and the receipt of the notice confirming the reduction of share capital issued by the Registrar of Companies.

9. GOVERNING LAW AND DISPUTE RESOLUTION

The Proposed SCR and any agreement constituted by the acceptance of this letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the courts of Malaysia.

10. ACCEPTANCE PERIOD

If the Board of Maypak is agreeable to take steps to implement the Proposed SCR and to recommend the Proposed SCR to the shareholders of Maypak upon the terms envisaged in this letter, please execute the enclosed duplicate of this letter at the place indicated, and return the same to us so as to be received by us no later than 5.00 p.m. on 18 April 2017 (or such other date as may be extended by us in writing) after which the proposal in this letter shall lapse.

Yours faithfully,

**For and on behalf of
TAISEI LAMICK CO., LTD.**



YOSHINARI KIMURA
President/Director

To: Taisei Lamick Co., Ltd.


We hereby agree to and accept the terms of your above letter.

**For and on behalf of
MALAYSIA PACKAGING INDUSTRY BERHAD**



DATUK SULAIMAN BIN DAUD
Chairman / Senior Independent Non-Executive Director

12 APR 2017



TAUFIQ AHMAD @ AHMAD MUSTAPHA GHAZALI
Independent Non-Executive Director

12 APR 2017