

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of LPI Capital Bhd will be held at Sarawak Room, Basement II, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 11 February 2010 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final single tier dividend of 41.25 sen per ordinary share for the financial year ended 31 December 2009 as recommended by the Directors payable on 25 February 2010. **Resolution 2**
3. To re-elect the following Directors, who are retiring by rotation in accordance with Article 97 of the Company's Articles of Association, and who being eligible, offers themselves for re-election:
 - i. Dato' Haji Abdul Aziz bin Omar. **Resolution 3**
 - ii. Mr. Tee Choon Yeow. **Resolution 4**
4. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:
 - i. "That Tan Sri Dato' Sri Dr. Teh Hong Piow, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**
 - ii. "That Tan Sri Dato' Thong Yaw Hong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**
5. To approve the payment of Directors' fees of RM330,000.00 for the financial year ended 31 December 2009. **Resolution 7**
6. To appoint Auditors for the financial year ending 31 December 2010 and to authorise the Directors to fix the Auditors' remuneration. **Resolution 8**

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolution:

7. Authority under Section 132D of the Companies Act, 1965, for the Directors to Issue Shares

"THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such issue and allotment."

Resolution 9

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 11 February 2010, a final single tier dividend of 41.25 sen per ordinary share in respect of the financial year ended 31 December 2009 will be paid on 25 February 2010 to Depositors whose names appear in the Record of Depositors on 19 February 2010.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 19 February 2010 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

KONG THIAN MEE

MAICSA 7024050

Company Secretary

Kuala Lumpur

20 January 2010

NOTE:

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote on his/her behalf and such proxy/proxies need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, at 6th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur not less than 48 hours before the meeting.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

Resolution 9

If passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.

The Ordinary Resolution will provide flexibility to the Company, without going through the hassle of calling a general meeting of shareholders to specifically approve such an issue of shares, and to avoid incurring any costs or delay in convening a general meeting.

This Annual Report is also available in Bahasa Malaysia. A copy of the Annual Report in Bahasa Malaysia will be delivered to you upon request. Such request shall be forwarded to us in writing to the *Company Secretary, LPI Capital Bhd, 6th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia.*

FINANCIAL CALENDAR

Financial Year 2009

Apr - Jun 2009

8 April 2009, Wednesday

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2009

Jul - Sep

6 July 2009, Monday

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2009

6 July 2009, Monday

Issuance of notice of entitlement and payment of interim dividend of 26.25 sen net per ordinary share comprising franked dividend of 7 sen less 25% income tax (5.25 sen net per ordinary share) and 21 sen single tier dividend

20 July 2009, Monday

Date of entitlement to the interim dividend of 26.25 sen net per ordinary share comprising franked dividend of 7 sen less 25% income tax (5.25 sen net per ordinary share) and 21 sen single tier dividend

27 July 2009, Monday

Date of payment of the interim dividend of 26.25 sen net per ordinary share comprising franked dividend of 7 sen less 25% income tax (5.25 sen net per ordinary share) and 21 sen single tier dividend

Oct - Dec

8 October 2009, Thursday

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2009

Jan - Mar 2010

7 January 2010, Thursday

Announcement of the audited consolidated results for the 4th quarter and year ended 31 December 2009

7 January 2010, Thursday

Issuance of notice of entitlement and payment of a final single tier dividend of 41.25 sen per ordinary share

20 January 2010, Wednesday

Issuance of notice of 49th Annual General Meeting and Annual Report for the financial year ended 31 December 2009

11 February 2010, Thursday

Date of 49th Annual General Meeting

19 February 2010, Friday

Date of entitlement to a final single tier dividend of 41.25 sen per ordinary share

25 February 2010, Thursday

Date of payment of a final single tier dividend of 41.25 sen per ordinary share

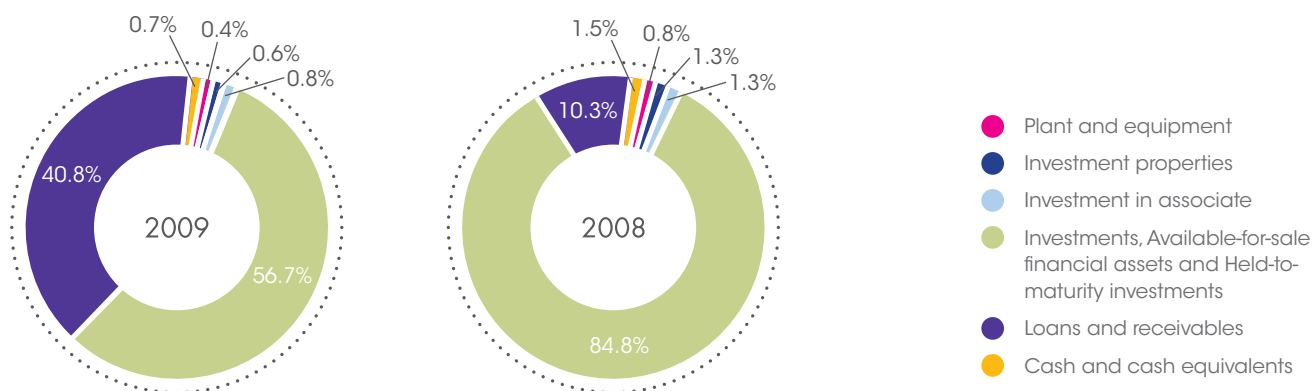
PERFORMANCE AT A GLANCE

FINANCIAL HIGHLIGHTS	Group	
	2009	2008
OPERATING RESULTS (RM'000)		
Revenue	738,299	638,728
Gross Premium	675,246	574,444
Underwriting Surplus	97,644	75,002
Profit Before Taxation	161,335	141,564
KEY BALANCE SHEET DATA (RM'000)		
Total Assets	1,488,697	856,201
Total Liabilities	588,024	492,460
Shareholders' Equity	900,673	363,741
FINANCIAL RATIOS (%)		
Profitability Ratios		
Return on Equity ("ROE")	14.0	14.0*
Return on Assets	8.5	12.2
Underwriting Margin	24.2	20.9
Operating Margin	21.7	22.1
Net Claims Incurred	46.7	51.2
Productivity Ratios		
Gross Premium Income per Employee (RM'000)	1,244	1,154
No. of Policies Issued per Employee	1,912	1,836

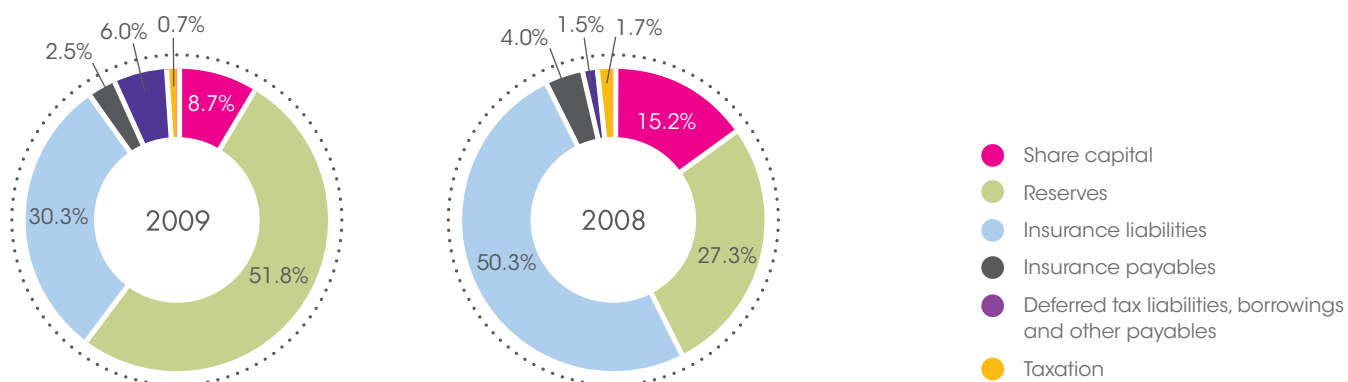
* Restated ROE after taking into account of FRS 139 adoption

SIMPLIFIED GROUP BALANCE SHEETS

ASSETS



LIABILITIES & SHAREHOLDERS' EQUITY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman

Tan Sri Dato' Sri Dr. Teh Hong Piow

PSM, SSAP, SPMJ, SIMP, SSIJ, DSAP,
DPMJ, Datuk Kurnia Sentosa Pahang, JP
Hon LLD (M'sia), FIBM (M'sia),
FCIB (UK), FCIS (Aust), FCMI (UK),
FICM (UK), FInstAM (UK)

Independent Non-Executive Co-Chairman

Tan Sri Dato' Thong Yaw Hong

PSM, SIMP, DSAP, DIMP, JMN, SMP, JBS, AMN
BA (Econs Hons), MPA (Harvard), AMP
(Harvard), D.Econ (Hon)

Chief Executive Officer/ Executive Director

Mr. Tee Choon Yeow

B.Com., CA (NZ), CA (M), FCPA (Aust)

Non-Executive Director

Mr. Tan Kok Guan

Chartered Insurer, B.Sc. (Hons.),
MBA, ACII, AMII

Independent Non-Executive Director

Dato' Yeoh Chin Kee

DIMP
FCPA (Aust), F Fin (Aust)

Independent Non-Executive Director

Dato' Haji Abdul Aziz bin Omar

DIMP
ACA (England & Wales), CA (M),
FIBM (M'sia)

Independent Non-Executive Director

Mr. Quah Poh Keat

FCCA (UK), CA (M), CPA (M),
ACMA (UK), Fellow MIT (M'sia)

COMPANY SECRETARY

Ms. Kong Thian Mee

MAICSA 7024050

Tel No. : (03) 2262 8688

Email : corporate@lonpac.com

REGISTERED OFFICE

6th Floor, Bangunan Public Bank,
6, Jalan Sultan Sulaiman,
50000 Kuala Lumpur, Malaysia.

Tel No. : (03) 2262 8688/ 2723 7888

Fax No. : (03) 2078 7455

AUDITORS

Messrs KPMG

Chartered Accountants

Level 10, KPMG Tower,

8, First Avenue,

Bandar Utama,

47800 Petaling Jaya,

Selangor, Malaysia.

Tel No. : (03) 7721 3388

Fax No. : (03) 7721 3399

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd

(formally known as Tenaga

Koperat Sdn Bhd)

Level 17, The Gardens North Tower,

Mid Valley City,

Lingkaran Syed Putra,

59200 Kuala Lumpur, Malaysia.

Tel No. : (03) 2264 3883

Fax No. : (03) 2282 1886

Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 8 January 1993)

HEAD OFFICE

6th Floor, Bangunan Public Bank,
6, Jalan Sultan Sulaiman,
50000 Kuala Lumpur, Malaysia.

Tel No. : (03) 2262 8688/ 2723 7888

Fax No. : (03) 2078 7455

WEBSITE

www.lonpac.com

INVESTOR RELATIONS

Mr. Tee Choon Yeow

Tel No. : (03) 2072 3500

Email : cytee@lonpac.com

Mr. Tan Kok Guan

Tel No. : (03) 2034 2670

Email : kgtan@lonpac.com

AGM HELPDESK

Tel No. : (03) 2262 8675/ 2262 8687

Fax No. : (03) 2078 7455

Email : corporate@lonpac.com

GROUP CORPORATE STRUCTURE

As at 31 December 2009



100% LONPAC INSURANCE BHD

100% FOREIGN BRANCH - SINGAPORE

45% CAMPUBANK LONPAC INSURANCE PLC

UNDERWRITING OF GENERAL INSURANCE

FIRE

MOTOR

MARINE, AVIATION AND TRANSIT

MISCELLANEOUS

- Bond
- Engineering
- Miscellaneous
- Health
- Liability
- Personal Accident
- Workmen

UNDERWRITING OF GENERAL INSURANCE

FIRE

MOTOR

MARINE

MISCELLANEOUS

- Engineering
- Miscellaneous
- Health
- Liability
- Personal Accident

■ Malaysian Company

■ Overseas Company

The companies reflected above are those active as at 31 December 2009.

CORPORATE PROFILE

ABOUT US

LPI Capital Bhd ("LPI"), previously known as London & Pacific Insurance Company Berhad, is an investment holding company. The Company changed its name to LPI Capital Bhd and transferred its entire insurance business to a wholly-owned subsidiary, Lonpac Insurance Bhd ("Lonpac") after a rationalisation scheme on 1 May 1999.

LPI was established on 24 May 1962 as a private limited company and was registered as an approved insurer on 9 April 1963 under the Malaysian Insurance Act, 1963. LPI shares were listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 8 January 1993 and subsequently were transferred to the Main Board of Bursa Securities on 17 January 1997.

OUR CORE BUSINESS

LPI Group continues to focus on its core business in the general insurance market through its wholly-owned insurance subsidiary, Lonpac, and is committed to meet its corporate mission i.e. *"To provide customers with excellent products and services of international standard backed by proven technical and financial strength in line with the Financial Sector Master Plan"*.

LPI's primary growth strategies are focused on maximising profitability by providing the highest return on shareholders' equity, increasing market share and benchmarking against international standards for performance improvement.

PRESENCE IN DOMESTIC MARKET

LPI continues to strengthen its presence and market share in the domestic market with a wide range of general insurance products, particularly in non-motor premium production.

EXTENSIVE PRODUCTS AND SERVICES

Lonpac, as the insurance arm of LPI Group, offers a wide range of general insurance products and services covering various general insurance classes namely, property, liability, pecuniary, employees' benefits, projects, motor, marine as well as personal products insurances.

LPI Group continues to focus on maximising profitability by providing the highest return on shareholders' equity, increasing market share and benchmarking against international standards for performance improvement. In 2001,

LPI Group launched a complimentary assistance programme, namely Lonpac E-Assist. The Group received numerous positive feedbacks from existing customers on this value added service and their pleasant experience with Lonpac E-Assist. Hence, another value added service, namely Lonpac Home-Assist was launched in 2004 that provides complimentary referral services on house related problems to ensure home convenience for our householder and houseowner policyholders. With these value added services, the Group aims to eliminate the hardship of the policyholders in the event of emergency.

Our information system was upgraded to drive the business operations to greater heights by venturing into an enhanced system, a Customer Relationship Management ("CRM"). CRM is a set of applications that provides information driven sales, service, and marketing that streamlines business processes, improves data quality, and allows all key divisions to draw from the same source of data. CRM is foremost a business strategy that drives the reengineering of customer processes to improve customer experience and increase revenue and profitability for the Group. In a nutshell, CRM system is one of the many ways to quicken our pace in the implementation of technology in our business and

operations for us to remain competitive.

New and innovative products and services are initiated from time to time in meeting the increasingly complex and sophisticated customers' demands as well as competitive market environment.

EXTENSIVE DISTRIBUTION NETWORK

LPI Group has a proficient in-house marketing force, nurtured with relevant knowledge and skills through continuous human resource development programme. In addition, the Group has qualified insurance agents registered with Persatuan Insurans Am Malaysia ("PIAM") throughout the country. With 16 local branches nationwide, 3 Regional offices, a foreign branch in Singapore and an associated insurance company in Cambodia. LPI Group aims to reach out to its existing and potential clients more effectively.

LPI Group has constantly upgraded its IT infrastructure and systems to be in line with the nation's move to a knowledge-based (K-based) economy where the market competition is becoming more and more knowledge-driven with the objectives to increase

productivity, operational efficiency, cost effectiveness and competitiveness in the industry. The efficiency in its IT environment simply means enhanced quality services for its customers especially in terms of processing turnaround time.

SUPERIOR DELIVERY STANDARDS

LPI Group always emphasises the importance of customer service and customer satisfaction since its incorporation in 1962. Staff of all levels are trained to serve either existing or potential customers in an utmost professional manner in line with the Group's corporate mission of *"To provide customers with excellent products and services of international standard backed by proven technical and financial strength in line with the Financial Sector Master Plan"*.

The Group continuously strives to deliver quality customer service with the aim to provide differentiation advantage that sets the Group apart from its competitors. The Group reaffirmed its focus on customer satisfaction with the official opening of the Customer Service Centre in 2004, placing the consumer at the heart of its business.

The Group has constantly maintained its website, www.lonpac.com, which is updated with the latest news about the Group, new products and services, current insurance market issues and insurance related information. This is another initiative taken by the Group as part of its customer care strategies in providing a highly informative business website to the shareholders and the public at large. The website also serves as an avenue for customers to make enquiries and channel their feedbacks or complaints to the Group.

All the positive commitments towards continuous improvement and provision of high intrinsic value of services to its customers augur well for LPI Group's development towards international best practices and standards. Committed to its valued customers, the Group continues to focus its efforts on customer care strategies and enhancing customer service quality as well as ensuring superior delivery standards for both existing and potential customers.

STRONG FINANCIAL RATING

In September 2009, the A.M. Best has reaffirmed the financial strength rating of A- (Excellent) and an issuer credit rating (ICR) of "a-" to LPI's wholly-owned insurance subsidiary, Lonpac. The outlook for both ratings is stable. The ratings reflect Lonpac's adequate capitalisation and its ability to manage profitable growth. The ratings also recognise the Company's wide distribution platform and sound spread of business composition.

AWARDS AND ACCOLADES

Best Insurer in Malaysia

Lonpac bagged all the 5 categories of the Euromoney 2009 awards to claim the overall winner "Best Insurer in Malaysia" award. The 5 categories are:

- Best Insurer for Innovation, Malaysia
- Best Insurer for Price, Malaysia
- Best Product Range, Malaysia
- Best Insurer for Claims Resolution, Malaysia
- Best Consultant for Insurance Risk Transfer, Malaysia

Corporate Governance Excellence

LPI's excellent corporate governance was testified with the conferment of the Malaysian Business - CIMA Enterprise Governance Merit Awards for five (5) consecutive years since 2004. LPI was also one of the winners under the Best Return To Shareholder category of the Malaysian Business - CIMA Enterprise Governance Awards 2008. The award recognises companies for their organisational excellence in delivering performance while conforming to set standards and practices where winners were evaluated on business and corporate governance principles and best practices, including risk management and internal control, communications and adherence to regulations, financial and operational performance.

LPI was conferred the Most Timely Held Annual General Meeting Award by the Minority Shareholder Watchdog Group ("MSWG") in the Malaysian Corporate Governance ("MCG") Index 2009, for being the earliest public listed company to hold its Annual General Meeting ("AGM"). In 2009, LPI held its AGM on 12 February 2009 i.e. within 43 days after the financial year end. LPI was also conferred with a Distinction Award of the MCG Index 2009 for its commendable and excellent corporate governance practices.

The MCG Index 2009 evaluated public listed companies on their conformance based on the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Securities and selected international best practices.

Enhanced Shareholder Value

LPI received recognition for its commitment to enhance shareholder value by winning the KPMG Shareholder Value Award under the Financial Services category for the fifth consecutive year since 2004. For the KPMG Shareholder Value Award 2008, LPI emerged as the Sectoral Winner under Financial Services Category, repeating its achievement in 2006 and 2005. The award is designed to promote corporate excellence through enhancing levels of disclosure and setting exemplary best practices.

Excellence In Annual Corporate Reporting

LPI was conferred with a Certificate of Merit of the - National Annual Corporate Report Awards (NACRA) 2009, repeating the same achievement in 2006. The award reflects the Group's efforts to produce timely, informative, factual and reader-friendly annual report as well as high standards of corporate governance and gives recognition to the Group's excellence in annual corporate reporting.

Management Accounting Excellence
LPI was awarded a Certificate of Merit and a Certificate of Finalist of the National Award for Management Accounting (NAfMA) in 2007 and 2006 respectively, in recognition of its commendable management accounting practices. Such recognition reflects exemplary management accounting practices in the LPI Group. The NAfMA Award recognises best practices in management accounting by companies in Malaysia that lead to value creation and excellent business performance.

CORPORATE SOCIAL RESPONSIBILITY

LPI Group understands the importance of Corporate Social Responsibility ("CSR") as an extension to the Group's continuous efforts in promoting a strong corporate governance culture. Both corporate governance and CSR would mutually ensure the sustainability of business by mean of good business practices since both corporate governance and CSR have influence on corporate strategy and are drawn on the same elements of responsibility, accountability, transparency and sustainability.

Acknowledging the importance of CSR, LPI Group is committed and plays its role as a socially responsible corporate citizen and continues to uphold its CSR by giving back to the community it serves. The Group undertakes various initiatives in contributing to the community including organising social visits and donating to orphanage, old folks home and centre for children with special needs besides organising a blood donation campaign and health talks. In addition, social contributions were given in support of sporting events organised in the Country and charity fund raising activities.

LPI Group also believes that performance should not only be gauged by the creation of economic value but also the impact on society and the environment. The Group fully subscribes to the philosophy that in fulfilling CSR, we are also enhancing our reputation, brand value, sales and customer loyalty. Hence, these positive attributes would also enhance our stakeholders' value in the long term.

DEDICATED AND KNOWLEDGEABLE STAFF

LPI Group is proud and honoured to have a group of 543 dedicated and knowledgeable employees who are enthusiastically committed to raise the bar of excellence for the Group. LPI Group treasures its employees as invaluable assets to sustain and excel in the competitive business environment. Towards this end, the Group continuously nurtures its human capital with relevant skills and knowledge which are essential in enabling them to discharge their duties and responsibilities in a more efficient manner. In addition, performance reward system and employee achievement recognition are in place to generate a strong performance culture which would lead to superior delivery standards.