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Pelangi Publishing Group Bhd.

Annual Report 2010

Annual Report 2010



Pelangi Publishing Group Bhd. (593649-H)
(Incorporated in Malaysia)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of PELANGI PUBLISHING GROUP BHD. will be held at Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 25 March 2011 at 11.00 a.m to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

- | | |
|---|--------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 September 2010 together with the Directors' and Auditors' Reports thereon. | RESOLUTION 1 |
| 2. To approve the payment of final dividend of 4% less 25% tax for the financial year ended 30 September 2010. | RESOLUTION 2 |
| 3. To approve the payment of Directors' fees for the financial year ended 30 September 2010. | RESOLUTION 3 |
| 4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association: | |
| a) Mr Lee Kheng Hon – Article 123 | RESOLUTION 4 |
| b) Mr Sam Yuen @ Sam Chin Yan – Article 123 | RESOLUTION 5 |
| c) Mr Vincent Wong Soon Choy – Article 128 | RESOLUTION 6 |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. | RESOLUTION 7 |

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Resolutions:

ORDINARY RESOLUTION 1 AUTHORITY TO ALLOT SHARES – SECTION 132D

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time 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 issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

RESOLUTION 8

ORDINARY RESOLUTION 2 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“Proposed RSM”)

“**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.1.2 of the Circular to Shareholders dated 28 February 2011 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

RESOLUTION 9

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed RSM was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965, (“Act”) (but must 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 a general meeting;

whichever is earlier,

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

SPECIAL RESOLUTION**PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

"THAT the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved."

RESOLUTION 10

7. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT**FINAL DIVIDEND OF 4% LESS 25% TAX**

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Ninth Annual General Meeting, the Final Dividend of 4% less 25% tax in respect of the financial year ended 30 September 2010 will be payable on 29 April 2011 to Depositors registered in the Record of Depositors at the close of business on 15 April 2011.

A Depositor shall qualify for entitlement only in respect of: -

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 15 April 2011 in respect of transfer; and
- b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)
LEONG SIEW FOONG (MAICSA NO. 7007572)
HUAN CHUAN SEN @ AH LOY (MACS 01519)
Company Secretaries

Johor Bahru
28 February 2011

NOTES:

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
- b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- c. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- d. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
- e. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS:**I. Ordinary Resolution 1**

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

The authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

II. Ordinary Resolution 2

The Proposed RSM under Ordinary Resolution 2 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 26 March 2010.

The Proposed RSM is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed RSM is set out in the Circular to shareholders of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 September 2010.

III. Special Resolution

This special resolution is to amend the Company's Articles of Association in line with the amendments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Appendix A

Article No.	Existing Provision	New Provision
Article 2 Interpretation WORDS CMSA	New Provision	MEANINGS Capital Market & Act Services 2007
Article 2 Interpretation WORDS Approved Market Place	A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order (No. 2) order 1998 or any statutory modification, amendment or re-enactment thereof for the time being in force.	Deleted
Article 2 Interpretation WORDS Independent Directors	<p>A Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. Without limiting the generality of the foregoing, an Independent Director is one who:-</p> <p>(i) is not an executive director of the Company or any related corporation of the Company (hereinafter each corporation shall be referred to as "the said Corporation");</p> <p>(ii) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation. For this purpose, "officer" shall have the meaning given in section 4 of the Act;</p> <p>(iii) is not a major shareholder of the said Corporation;</p> <p>(iv) is not a relative of any executive director, officer or major shareholder of the said Corporation. For this purpose, "relative" includes spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child;</p> <p>(v) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;</p> <p>(vi) has not been engaged as a professional adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or</p> <p>(vii) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.</p>	<p>A Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. Without limiting the generality of the foregoing, an Independent Director is one who:-</p> <p>(i) is not an executive director of the Company or any related corporation of the Company (hereinafter each corporation shall be referred to as "said Corporation");</p> <p>(ii) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation. For this purpose, "officer" as the meaning given in section 4 of the Act;</p> <p>(iii) is not a major shareholder of the said Corporation;</p> <p>(iv) is not a family member of any executive director, officer or major shareholder of the said Corporation.</p> <p>(v) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;</p> <p>(vi) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or</p> <p>(vii) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.</p>
Article 2 Interpretation WORDS Listed Securities	Securities standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and the Rules	Securities standing to the credit of a Securities Account of a Depositor subject to the provisions of CMSA

Article No.	Existing Provision	New Provision
Article 2 Interpretation WORDS Chief Executive	New Provision	In relation to a corporation, means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director
Article 9(D) (1) and (2) Allotment of shares	(1) the Members in general meeting have approved of the specific allotment to be made to such Director; and (2) he holds office in the Company in an executive capacity;	(1) the Members in general meeting have approved of the specific allotment to be made to such Director. (2) Deleted
Article 9 (F) Allotment of shares	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall issue, allot Securities and despatch notices of allotment to the allottee and make an application for the quotations of such Securities within such other period as may be prescribed under the Listing Requirements or by the Exchange from time to time. Subject to the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company shall not issue any shares or convertible Securities if the nominal value of those shares or convertible Securities when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding twelve (12) months, exceed ten per cent (10%) of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the Company in general meeting of the precise terms and conditions of the issue. Provided that in working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised. Provided further that except in the case of an issue of Securities on a pro rata basis to Members, no shares or convertible Securities shall be issued to a Director, Major Shareholder or person connected with any Director or Major Shareholder unless the Company in general meeting has approved of the specific allotment to be made to such aforesaid person, such approval to be obtained in accordance with the Listing Requirements.	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall issue, allot Securities and despatch notices of allotment to the allottee and make an application for the quotations of such Securities within such other period as may be prescribed under the Listing Requirements or by the Exchange from time to time. Subject to the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company shall not issue any shares or convertible Securities if the nominal value of those shares or convertible Securities when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding twelve (12) months, exceed ten per cent (10%) of the nominal value of the issued and paid-up capital of the Company (excluding treasury shares), except where the shares or convertible Securities are issued with the prior approval of the Company in general meeting of the precise terms and conditions of the issue. Provided that in working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised. Provided further that except in the case of an issue of Securities on a pro rata basis to Members, no shares or convertible Securities shall be issued to a Director, Major Shareholder or Chief Executive of the Company or its holding company ("Interested Director", "Interested Major Shareholder" and "Interested Chief Executive") or person connected with any Interested Director or Interested Major Shareholder or Interested Chief Executive unless the Company in general meeting has approved of the specific allotment to be made to such aforesaid person, such approval to be obtained in accordance with the Listing Requirements.
Article 43 Transmission of securities from Foreign Register	Where: - (a) the Securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place	Where: - (a) the Securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the

Article No.	Existing Provision	New Provision
	<p>(hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:</p> <p>(i) there shall be no change in ownership of the Securities:</p> <p>(ii) the transmission shall be executed by causing such shares or securities to be credited directly into the securities account of such Securities holder (as may be applicable).</p> <p>For the avoidance of doubt, where the Company fulfils the requirements of sub-paragraphs (a) and (b) of Article 43(1) above, it shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.</p>	<p>register of holders maintained by the registrar of the Company in Malaysia provided that there shall be no change in ownership of the Securities.</p>
<p>Article 68 Notice of meetings to whom given advertisement of Notice</p>	<p>Subject to the Act, the notices convening a meeting shall be given to all Members at least fourteen (14) days before the meeting or at the least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. At the same time as Members are notified at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is to be proposed or where it is an annual general meeting, such notice shall be advertised in the daily press and shall be sent to each stock exchange upon which the Company is listed and to the Auditors. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.</p>	<p>Subject to the Act, the notices convening a meeting shall be given to all Members at least fourteen (14) days before the meeting or at the least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. At the same time as Members are notified at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is to be proposed or where it is an annual general meeting, such notice must be advertised in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed and to the Auditors. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.</p>
<p>Article 72(3) General Meeting Record of Depositors</p>	<p>The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at a date not less than three (3) Market Days or such other period may be prescribed under the Listing Requirement or by the Exchange from time to time before the general meeting (hereinafter referred to as the "General Meeting Record of Depositors").</p>	<p>The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at a date not less than three (3) Market Days or such other period may be prescribed under the Listing Requirement or by the Exchange from time to time before the general meeting ("General Meeting Record of Depositors").</p>
<p>Article 73 Extraordinary General Meeting and Annual General Meeting</p>	<p>All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the consideration of the accounts and balance sheet, the reports of the Directors and Auditors and any other documents annexed to the balance sheet, the election of Directors in the place of those retiring by rotation or otherwise, the appointment and fixing of the remuneration of the Auditors and the voting of remuneration to the Directors. Any person entitled to be present and vote at a meeting may submit any amendment to any resolution provided that at least five (5) clear days before the day appointed for the meeting he shall have served upon the Company a notice in writing signed by him, containing the proposed amendment and stating his intention to submit the same. Notwithstanding the foregoing, if such amendment has the effect of changing the general nature of the special business to be proposed or the effect of any proposed resolution in respect of such special business or changing the substance of a special resolution, the notice in writing must be served upon</p>	<p>All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the election of Directors in the place of those retiring by rotation or otherwise, the appointment and fixing of the remuneration of the Auditors and the voting of fee to the Directors. Any person entitled to be present and vote at a meeting may submit any amendment to any resolution provided that at least five (5) clear days before the day appointed for the meeting he shall have served upon the Company a notice in writing signed by him, containing the proposed amendment and stating his intention to submit the same. Notwithstanding the foregoing, if such amendment has the effect of changing the general nature of the special business to be proposed or the effect of any proposed resolution in respect of such special business or changing the substance of a special resolution, the notice in writing must be served upon the Company at least five (5) clear days before the commencement of the relevant periods of fourteen (14) or twenty-one (21) days (as applicable) referred to in Article</p>

Article No.	Existing Provision	New Provision
	the Company at least five (5) clear days before the commencement of the relevant periods of fourteen (14) or twenty-one (21) days (as applicable) referred to in Article 68 and the provisions of Articles 68 and 70 shall then be complied with in relation to the proposed amendment.	68 and the provisions of Articles 68 and 70 shall then be complied with in relation to the proposed amendment.
Article 100 Directors' fees and salaries	The fee of the Directors, who hold no executive office with the Company, for their services as Directors shall be determined by the Company by ordinary resolution at a general meeting and shall be payable by way of a fixed sum only and not by way of a commission on or percentage of profits or turnover and thereafter shall not be increased except by an ordinary resolution of the Company passed at an annual or other general meeting of the Company where notice of the proposed increase has been given in the notice convening the Meeting. If the fee of each such non-Executive Director is not specifically fixed by the Company in general meeting then the quantum of fee to be paid to each non-Executive Director, within the overall limits fixed by the Company in general meeting, shall be decided by resolution of the full Board of Directors. In default of any decision being made in this respect by the full Board of Directors, the fee payable to the non-Executive Directors shall be divided equally amongst them and such a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's fee.	The fee of the Directors, who hold no executive office with the Company, for their services as Directors shall be determined by the Company by ordinary resolution at a general meeting and shall be payable by way of a fixed sum only and not by way of a commission on or percentage of profits or turnover and thereafter shall not be increased except by an ordinary resolution of the Company passed at an annual or other general meeting of the Company where notice of the proposed increase has been given in the notice convening the Meeting. If the fee of each such non-Executive Director is not specifically fixed by the Company in general meeting then the quantum of fee to be paid to each non-Executive Director, within the overall limits fixed by the Company in general meeting, shall be decided by resolution of the full Board of Directors. In default of any decision being made in this respect by the full Board of Directors, the fee payable to the non-Executive Directors shall be divided equally amongst them and such a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's fee. Provided that no Non-Executive Director shall be remunerated by a commission on or percentage of profits or turnover and no Directors (Non-Executive or Executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration shall not include a commission on or percentage of turnover.
Article 126 Nomination of Director	No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election; provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.	No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election; provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days before the meeting at which the election is to take place.
Article 170A Power to authenticate documents	New Provision	Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any affecting the documents constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are elsewhere than at the office, the local manager and other officer of the Company having the custody shall be deemed to be a person appointed by the Directors as aforesaid.

Article No.	Existing Provision	New Provision
Article 170B Certified copy of resolutions of Directors	New Provision	A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.
Article 179 Preference shareholders	The holders of preference shares shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.	Deleted
Article 181 Liquidator's commission	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by the shareholders in a general meeting. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which the commission or fee is to be considered.	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by the shareholders in a general meeting. The amount of such payment shall be notified to all Members at least seven (7) days before the meeting at which the commission or fee is to be considered.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad, appended hereunder are:

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

MR VINCENT WONG SOON CHOY, aged 42, Malaysian, was appointed as Alternate Director to Winston Paul Wong Chi-Huang of the Company on 10 January 2009. Subsequently, he was re-designated as Director on 1 January 2011. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit from Flinders University of South Australia, Adelaide, Australia. He is also a member of Malaysian Institute of Accountants (MIA) and a member of CPA Australia. He is currently employed as a Group Accountant for Mahabuilders Berhad. Prior to his current employment, he was Head of Operations in Hwang-DBS Securities Bhd, Group Accountant for a public listed company Kia Lim Berhad, Accountant for Peninsula Securities Sdn Bhd and auditor with Ernst & Young. He has 16 years of working experience with exposures to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring. He has no directorship in any other public listed company.

He has not been convicted of any offences within the past ten years other than traffic offences.

CORPORATE INFORMATION**BOARD OF DIRECTORS**

SUM KOWN CHEEK
(Executive Chairman and Managing Director)
LEE KHENG HON
(Executive Director)
CHUNG SHAN KWANG
(Executive Director)
SYAHRIZA BINTI SENAN
(Independent Non-Executive Director)
SAM YUEN @ SAM CHIN YAN
(Non-Independent Non-Executive Director)
VINCENT WONG SOON CHOY
(Independent Non-Executive Director)
WINSTON PAUL WONG CHI-HUANG
(Alternate to Vincent Wong Soon Choy)
(Independent Non-Executive Director)

AUDIT COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member
SAM YUEN @ SAM CHIN YAN
Member

NOMINATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member

REMUNERATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member
SUM KOWN CHEEK
Member

SECRETARIES

CHIN NGEOK MUI
LEONG SIEW FOONG
HUAN CHUAN SEN @ AH LOY

AUDITORS

ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE

SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR.
TEL: 07-332 3536
FAX: 07-332 4536

SHARE REGISTRAR

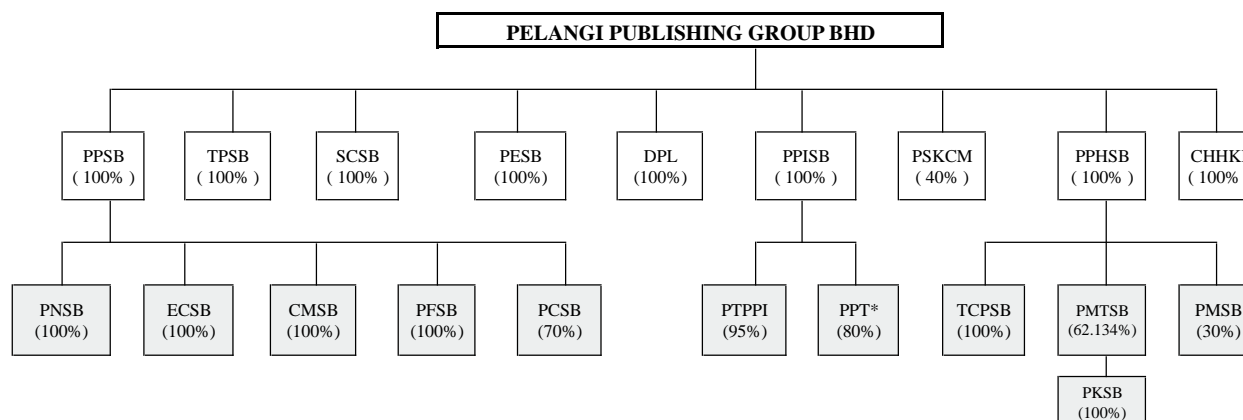
SYMPHONY SHARE REGISTRARS SDN BHD
(COMPANY NO: 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA,
1, JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 03-7481 8000
FAX: 03-7481 8008

PRINCIPAL BANKERS

PUBLIC BANK BERHAD
MALAYAN BANKING BERHAD

STOCK EXCHANGE

MAIN MARKET OF THE
BURSA MALAYSIA SECURITIES BERHAD
("Bursa Securities")
Stock Code: 7190

CORPORATE STRUCTURE**Abbreviations**

- PPSB** – Penerbitan Pelangi Sdn Bhd (89120-H)
- TPSB** – Tunas Pelangi Sdn Bhd (105652-A)
- SCSB** – Sutera Ceria Sdn Bhd (499589-M)
- PPISB** – Pelangi Publishing International Sdn Bhd (517605-P)
- PESB** – Pelangi Education Sdn Bhd (458162-U)
- PPHSB** – Pelangi Publishing Holdings Sdn Bhd (493518-H)
- PNSB** – Pelangi Novel Sdn Bhd (379269-A)
- ECSB** – Elite Corridor Sdn Bhd (431111-V)
- CMSB** – Comtech Marketing Sdn Bhd (104669-W)
- DPL** – Dickens Publishing Ltd (7033325)
- PFSB** – Pelangi Formpress Sdn Bhd (172005-U)
- PCSB** – Pelangi Comics Sdn Bhd (838313-U)
- PTPPI** – PT Penerbitan Pelangi Indonesia (02.379.621.2-035.000)
- PPT** – Pelangi Publishing (Thailand) Co Ltd (0108454722327)
- TCPSB** – The Commercial Press, Sdn Berhad (2390-V)
- PMTSB** – Pelangi Multimedia Technologies Sdn Bhd (585971-M)
- PMSB** – Pelangi Multimedia Sdn Bhd (345998-T)
- PSKCM** – Pelangi Smart Kids Culture Media Pte Ltd, Hebei (1300760346725)
- PKSB** – Pelangi Kids Sdn Bhd (692155-U)
- CHHKI** – Cai Hong (Hong Kong) Investment Private Limited (Company No. 1134764)

Remark

* Percentage calculated based on Ordinary Shares Issued.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me great pleasure to present on behalf of the Board of Directors of the Company, the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 30 September 2010.

Performance Review

Group revenue for the year ended 30 September 2010 was RM50.6 million, a decrease of RM5.1 million or 9.2% as compared to the corresponding year of RM55.7 million.

The decrease was mainly due to lower sales generated from the local markets of the Publishing segment, coupled with the resultant impact from higher returns due to the impending changes by the Ministry of Education Malaysia on the school syllabus hence textbooks in 2011.

In tandem with the revenue reduction, the Group's profit before taxation was RM6.3 million, a decrease of RM1.5 million or 19.2% as compared to the preceding corresponding year of RM7.8 million.

Corporate Development

As a measure to streamline the Education segment, in December 2009, Pelangi Multimedia Technologies Sdn Bhd, a 62% owned subsidiary of Pelangi Publishing Holding Sdn Bhd, disposed all its 55% shareholdings in Pelangi Multimedia Education (Puchong) Sdn Bhd.

Delivering Value to Shareholders

I am pleased to note that since being listed in 2004, the Company has consistently been rewarding shareholders with a tradition in paying out dividends whenever the Group achieved a profitable performance. For the financial year under review, the Directors are recommending a final dividend of 4% before 25% taxation on 100,000,000 ordinary shares amounting to RM1,500,000 (1.50 sen per ordinary share) for the approval of shareholders at the forthcoming Annual General Meeting.

Corporate Governance

In the management of our business, we are guided by our commitment to maintain the public trust given by all stakeholders, thus we remain committed to ensuring a sound governance of policies, practices and internal controls to sustain the long-term growth of the Group's business and performance.

Looking Ahead

Given the challenging industrial environment and prevailing government policies, the Publishing sector is expected to be more challenging in the coming year. Despite these market challenges, our Board and Management remain committed to managing our business in a manner which will deliver optimum returns to our shareholders. While we will adopt a prudent approach in all that we undertake, we will continue to work hard to strengthen brand equity as well as improve our operational efficiencies and effectiveness in order to maintain and grow Pelangi's market share and profitability, both locally and internationally, notably Thailand which started to contribute positively to the Group results in 2010.

Other than taking an active business participation in the impending changes to the Malaysian school syllabus that first saw the conversion of textbooks from English to Bahasa Malaysia for all Mathematics and Science subjects and the ensuing full syllabus changes which will start in 2014, based on the latest information from the Ministry Of Education, the Group will continue to look for opportunities to gain its competitive advantage against other market players. The Group will also continue to penetrate and strengthen our presence in international markets, and pursue the development and registration of new products for both the local and overseas markets.

Corporate Social Responsibility (CSR)

The Group recognises that employees are key assets and conveys its appreciation by providing a safe and conducive work environment for the employees. Training is regarded as an integral part of the success and efficiency of the Group's operations. A range of training programs were identified through the training needs analysis to upgrade employees' skills and competencies. We conducted in-house training and also engaged external training houses to provide technical training, workshops, courses and seminars to equip the employees with skills which are aligned to the Group's objectives and direction as well as keep them abreast of any new developments in their field of work.

Some of the CSR activities undertaken by the Group during the financial year are as follows:-

- (1) Donation of revision and story books to schools
- (2) Donation of monies to several organizations, amongst others LLG Culture Development Centre Berhad, Silat Kalimah Antarabangsa and Persatuan Kebajikan Bekas Anggota Skuad 69 PDRM.

In Appreciation

On behalf of the Board, I wish to record my appreciation to the staff and Management team, whom we sincerely thank for their hard work, loyalty and dedication amidst the severe market challenges.

Our heartfelt gratitude goes to all our distributors, suppliers and retailers for placing their confidence and trust in us amidst such tumultuous times. We look forward to their continuing support and last but not least, I would like to convey our sincere appreciation to our shareholders and stakeholders, for your unwavering commitment to us thus far.

I too would like to thank my colleagues in the Board for their wise counsel and guiding Management through a challenging year.

Thank you.

Sum Kown Cheek

Executive Chairman and Managing Director

DIRECTORS' PROFILE

SUM KOWN CHEEK

Executive Chairman and Managing Director

Sum Kown Cheek, aged 58, Malaysian, was appointed as the Executive Chairman and Managing Director of the Company on 19 December 2003. He is a member of the Remuneration Committee.

Mr. Sum graduated from Universiti Sains Malaysia in 1978 and entered the teaching profession in the same year. In 1993, he left the teaching profession to join Penerbitan Pelangi Sdn Bhd as the Managing Director. Under his guidance, he spearheaded the Company to achieve rapid growth by securing local school textbooks project, expanding its product range by entering into children's books via securing Walt Disney licensee, which subsequently placed Penerbitan Pelangi Sdn Bhd into the international publishing map and a string of prestigious awards within the publishing industry. His regular participation in overseas book fairs and conferences equipped him with fresh ideas that were constantly being injected into publication of quality books. An entrepreneur with more than fifteen (15) years of publishing experience, he has brought the Group to its present success. He oversees all aspects of the Group's operation. He has no directorship in other public listed companies. His spouse Mdm Lai Swee Chiung, is a substantial shareholder of the Company. His elder brother, Mr. Sam Yuen @ Sam Chin Yan, is a Director and substantial shareholder of PPG. Please refer to page 94 of this Annual Report for his securities holding.

LEE KHENG HON

Executive Director

Lee Kheng Hon, aged 66, Malaysian, was appointed as the Executive Director of the Company on 19 December 2003.

Mr. Lee obtained his teaching qualification from the Regional Teacher Training Centre in 1966. He taught at the Petaling Garden Girls School, Selangor in 1967 before moving to teach at Maktab Sultan Abu Bakar, Johor Bahru (formerly known as English College) in 1973. He joined Penerbitan Pelangi Sdn Bhd in 1995 as the Personnel Manager. He is currently overseeing the printing operation of CMSB. He is a member of the Lions Club of Taman Pelangi Indah, Johor Bahru. He has no directorship in other public listed companies. Please refer to page 94 of this Annual Report for his securities holding.

SYAHRIZA BINTI SENAN

Independent Non-Executive Director

Syahriza Binti Senan, aged 33, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 19 December 2003. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Cik Syahriza graduated from Monash University, in Melbourne, Australia. She holds a CPA-MBA and a Bachelor of Business (Accounting). She is also a member of Certified Practising Accountants (CPA) of CPA Australia.

Prior to joining Prudential, Syahriza was attached to American International Assurance, Malaysia Mining Corporation and a local audit firm, Khairuddin, Hasyudeen & Razi (KHR). She has seven years of working experience with exposures to internal audit, risk management, finance, compliance as well as corporate planning and restructuring. She has no directorship in other public listed companies. Please refer to page 94 of this Annual Report for her securities holding.

CHUNG SHAN KWANG

Executive Director

Chung Shan Kwang, aged 43, Malaysian, was appointed as Executive Director of the Company on 1 October 2007.

Mr. Chung graduated with a Diploma in Engineering from Tunku Abdul Rahman College.

He was embarking on a career in engineering when he was required to assist in the management of his family's business interests. He is presently the chairman and director of companies involved in diversified business, ranging from distribution of food and consumer products, trading of used motor vehicles and provision of consultancy services in securing property leases. His business experience and contacts have greatly contributed to the growth of his business. He is also a Non-Executive Chairman of Wang-Zheng Berhad. Please refer to page 94 of this Annual Report for his securities holding.

SAM YUEN @ SAM CHIN YAN

Non-Independent Non-Executive Director

Sam Yuen @ Sam Chin Yan, aged 60, Malaysian was appointed as Non-Independent Non-Executive Director of the Company on 14 January 2008. He is a member of the Audit Committee.

Mr. Sam Yuen graduated with a Diploma in Commerce from Tunku Abdul Rahman College and also graduated from Institute of Chartered Secretaries & Administrators, UK.

He has been operating a logistic company since 1983. His established international network logistic business is now one of the well known home grown logistic companies. He is a Director and Shareholder of United Logistics Sdn. Bhd.

He is currently a non-independent non-executive director of Stamford College Berhad listed on the Main Market of Bursa Securities.

He is the elder brother of Mr Sum Kown Cheek, the Executive Chairman and Managing Director of the Company. Please refer to page 94 of this Annual Report for his securities holding.

VINCENT WONG SOON CHOY

Independent Non-Executive Director

Vincent Wong Soon Choy, aged 42, Malaysian, was appointed as an Alternate Director to Winston Paul Wong Chi-Huang of the Company on 10 January 2009. Subsequently, he was re-designated as Director on 1 January 2011. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit from Flinders University of South Australia, Adelaide, Australia. He is also a Member of Malaysian Institute of Accountants (MIA) and a member of CPA Australia. He is currently employed as a Group Accountant for Mahabuilders Berhad. Prior to his current employment, he was Head of Operations in Hwang-DBS Securities Bhd, Group Accountant for a public listed company Kia Lim Berhad, Accountant for Peninsula Securites Sdn Bhd and auditor with Ernst & Young. He has 16 years of working experience with exposures to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring. He has no directorship in any other public listed company. Please refer to page 94 of this Annual Report for his securities holding.

WINSTON PAUL WONG CHI-HUANG

(Alternate to Vincent Wong Soon Choy)

Independent Non-Executive Director

Winston Paul Wong Chi-Huang, aged 42, Malaysian, was appointed as Director of the Company on 10 January 2009. Subsequently, he was re-designated as an Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

He graduated from the University of Keele, UK in 1993 with a Bachelor of Arts Degree Second Class Upper (Hons) in Law and Management. In 1997, he obtained his Masters of Laws degree from the National University of Singapore.

He was called to English Bar in 1994 and admitted to practice to the Malaysian Bar in 1995. In May 2008, he was admitted as an advocate and solicitor of the Supreme Court of Singapore. He started his career as a lawyer in the firm of Messrs Abdul Raman Saad & Associates in 1995 and was with the firm until February 2006. While he was at Messrs Abdul Raman Saad & Associates, he was a Partner and Head of Department of the Corporate Finance and Capital Markets Department.

In April 2007, he and Ms Pamela Wong set up a new law firm under the name of Winston Wong Law Chambers. In May 2009, the firm Winston Wong Chambers merged with Messrs Tea, Kelvin & Co and he joined Messrs Tea, Kelvin & Co as a Partner. He is currently also a Partner of Wong Partnership LLP, Singapore, one of Singapore's leading law firms.

Winston's main area of practice is equity and debt capital markets including Islamic Debt Capital Market, mergers and acquisitions, corporate banking and finance, securities and advisory and corporate and commercial affairs.

He is currently an independent non-executive director of Plastrade Technology Berhad and Sersol Technologies Berhad respectively, both companies listed on the ACE Market of Bursa Securities. Please refer to page 94 of this Annual Report for his securities holding.

Other information

Except as disclosed above, none of the Directors has any family relationship with and Directors and / or substantial shareholders of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction for offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences.

STATEMENT ON CORPORATE GOVERNANCE

PELANGI PUBLISHING GROUP BHD'S POLICY ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Pelangi Publishing Group Bhd ("PPG") remains committed to ensure that the highest standards of corporate governance are practiced throughout PPG and its group of companies. It continues to be fully accountable to the shareholders and stakeholders, and will be bound to continually enhance the level of corporate governance in the management of PPG's business, its financial performance for the achievement of business profitability, preservation of long term shareholder value and the protection of shareholders' interests, without failing to take into account the interests of other stakeholders.

Notwithstanding PPG's structure, policies, procedures and practices that are set, they are still open to be reviewed for enhancement and improvement. The ultimate aim of the Board is to secure all principles and objectives are transparent to parties with interests in PPG.

The Board also maintains a strong leadership in the organization to ensure efficiency, integrity, honesty and responsibility for the ethical management of the Group and the maintenance of good corporate values.

PRINCIPLE STATEMENT

The Board is pleased to report to the shareholders that throughout the 2010 financial year, PPG and its Group have applied the Principles of Corporate Governance and Best Practices contained in the Malaysian Code on Corporate Governance. The manner and extent of compliance are stated as follows:-

SECTION 1: THE BOARD OF DIRECTORS

Composition of The Board

As at the date of this Annual Report, the Board consists of six (6) members comprising one (1) Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

PPG is in compliance with the Main Market Listing Requirements of Bursa Securities which require that at least two (2) directors or one – third (1/3) of the total number of Directors, whichever is higher, to be Independent Directors.

The Company recognizes the contribution of Non-Executive Directors as equal Board members to the development of the Group's strategy as well as their role in representing the interests of public shareholders and providing a balanced and independent view to the Board. No individual or group of individuals dominates the Board's decision making and number of directors reflects fairly the investment of the shareholders. The profiles of the Board members are set out on pages 11 to 12 of the Annual Report.

Board Balance and Board Effectiveness

All Board members are individuals of calibre and credibility. The composition of the Board reflects the commitment to maintain an appropriate balance to ensure a sufficiently wide and relevant mix of background, skill and experience to provide strong and effective leadership and control of the Group.

The Directors are professionals from diverse disciplines i.e. finance, education and legal. Together, they create the synergy and effectiveness necessary to steer the Group toward strengthening its professional competence for achieving PPG's full objectives.

The directorships held by Directors are confirmed by each Director at the beginning of every financial year and is updated as and when informed by the respective Directors of any changes to the directorships status.

The Board through the Nomination Committee is constantly reviewing the required mix of skill, experience and the contribution including their core competencies in order to enhance the quality of the Directors' participation in the Board to suit the ever changing standards of corporate governance.

Supply of Information

Directors are provided with an agenda and a compilation of Board papers prior to the agreed date for each Board Meeting in order to give Directors sufficient time to review and properly briefed on each issue before to be deliberated at the Board Meeting.

At every Board Meeting and at any time at all, members of the senior management make themselves available to brief and provide information to assist the Board in its deliberation on any specific matter essential to assist the Directors in undertaking their duties for the Group.

All Directors have full and unrestricted access to all information within the Group, and to the advice and services of the Company Secretary who is responsible for ensuring that Board Meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board assumes full responsibility in ensuring that the appointed Company Secretary is capable in discharging its duties.

The Board has the liberty to seek external independent professional advice if so required.

Board meetings

The Board met five (5) times during the financial year 2010 during where it reviewed and approved various issues including the quarterly financial results of the Group for announcement to Bursa Securities, corporate announcements of the Group, business plan and strategy and also the performance of the Group. The Board also reviewed the adequacy of the Group's internal control system.

Additional Board Meetings are held as and when required. When it is not possible to hold any meeting, a circular resolution will be passed by the Board. As at to date, all Directors have complied with the requirements in respect of Board Meeting attendance in accordance with the provision of PPG's Articles of Association. Details of the attendance of each Director at the Board Meetings held during the financial year 2010 are set out below:

Directors	Attendance
Sum Kown Cheek	5/5
Lee Kheng Hon	4/5
Syahriza Binti Senan	5/5
Chung Shan Kwang	3/5
Sam Yuen @ Sam Chin Yan	4/5
Vincent Wong Soon Choy ^(a)	–
Winston Paul Wong Chi-Huang ^(b)	5/5

Note:

(a) Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.

(b) Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

Appointments of the Board and Re-electionNomination Committee

The Board has established a Nomination Committee which is responsible for recommending and nominating new Directors for appointment by the Board.

The Nomination Committee comprises two (2) Independent Non-Executive Directors. The members are as follows:

Members of The Nomination Committee As At Year 2010

	Name of Member	Directorship
Chairman	Vincent Wong Soon Choy ^(a)	Independent Non-Executive Director
	Winston Paul Wong Chi-Huang ^(b)	Independent Non-Executive Director
Member	Syahriza Binti Senan	Independent Non-Executive Director

The Nomination Committee was formed on 18 August 2004 to assist the Board in the executive of its duties and it should meet not less than once a year. There were two (2) meetings held during the financial year, which were attended by all the members as mentioned below:-

Nomination Committee Diary

Chairman	Attendance
Vincent Wong Soon Choy ^(a)	–
Winston Paul Wong Chi-Huang ^(b)	1/1
Members	
Sum Kown Cheek	1/1
Syahriza Binti Senan	1/1

Note:

(a) Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.

(b) Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

The primary objectives of the Nomination Committee are to ensure that the Directors bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation. The Nomination Committee will also establish procedures and processes for the annual assessment of the effectiveness of the Board as a whole, the Committee of the Board and contribution of each individual Director.

The Committee has full and unrestricted access to the Company's records, properties and personnel. The Nomination Committee may use the services of professional recruitment firms to source for the right of candidate for the Directorship.

The PPG's Article of Association require all Directors to retire from office at least once in three (3) years and the retiring Directors are eligible for re-election at the Annual General Meeting. Directors who are appointed by the Board during the year are subject to re-election at the next Annual General Meeting following their appointments.

To assist shareholders in their decision, details of the Directors seeking for re-election at the forthcoming Annual General Meeting are disclosed in the page 1 of this Annual Report and the Directors' profile are disclosed separately on pages 11 to 12 of this Annual Report.

Directors' Training

In compliance with Bursa Malaysia Listing Requirements, all members of the Board have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities Berhad.

Most of the Directors have attended at least one training programme for the financial year ended 30 September 2010. Directors will continue to undergo relevant trainings and seminars to further enhance their knowledge and to keep abreast with developments in the market place i.e. or relevant new legislation, regulations and changing commercial risks.

As at the date of this Annual Report, the training programmes and seminars attended by most of the Directors are as follows:

Directors

Training Programmes

Sum Kown Cheek	<ul style="list-style-type: none"> - New Delhi World Book Fair 2010 - Seoul International Book Fair 2010 - Frankfurt Book Fair 2010 - Bandung Islamic Book Fair 2010
Syahriza Binti Senan	<ul style="list-style-type: none"> - PCA Internal Audit Curriculum
Chung Shan Kwang	<ul style="list-style-type: none"> - Strategic Board Agenda for Public Listed Company - Blue Ocean Strategy
Sam Yuen @ Sam Chin Yan	<ul style="list-style-type: none"> - Internal Audit and Risk Management Workshop
Vincent Wong Soon Choy	<ul style="list-style-type: none"> - Property Plus Management Information System - 2011 Budget & Tax Planning - Fire Drill Briefing and Training Program - GST Experiences
Winston Paul Wong Chi-Huang (Alternate Director To Vincent Wong Soon Choy)	<ul style="list-style-type: none"> - An overview of Business Trust - Navigating the Capital Structure & Related Issues - Takeover Process - Insider Trading - Security Documents - Continuing Listing Obligations for SGX Listed Companies - Derivatives Workshop - Circular for SGX Listed Companies - Functions of Take-over Process

Relationship of the Board to Management

Many of the responsibilities of the Board are delegated to management. Independence from the management of the Group is a key principle to the effective functioning of the Board. It facilitates the assessment of the Group's Directors' and management's performance. The Chairman of the Board is responsible for all overall management of Board activities and ensuring that the Board discharges its previously defined responsibilities.

The roles of Chairman and Managing Director are currently held by Mr Sum Kown Cheek. The Board considers this combined arrangement to be in the best interests of the Group in view of Mr Sum's entrepreneurship, business acumen and vast experience in the publishing industry.

SECTION 2: DIRECTORS' REMUNERATION**Remuneration Policy and Procedure**

The Board has established a Remuneration Committee which is responsible to review and recommends to the Board on the remuneration of the Executive Directors in all its forms according to the level of performance of the Executive Directors itself.

The level of remuneration of Executive Directors has been structured to link rewards to the individual and Group performance. The Board as whole determines the remuneration packages of Executive and Non-Executive Directors. The individuals themselves abstain from discussion of their own remuneration.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and One (1) Executive Chairman and Managing Director. The members are as follows:

Members of the Remuneration Committee as at Year 2010

	Name of Member	Directorship
Chairman	Vincent Wong Soon Choy ^(a)	Independent Non-Executive Director
	Winston Paul Wong Chi-Huang ^(b)	Independent Non-Executive Director
Member	Syahriza Binti Senan	Independent Non-Executive Director
	Sum Kown Cheek	Executive Chairman and Managing Director

The Remuneration Committee was formed on 24 May 2004 and shall meet not less than once a year. There were two (2) meetings held during the financial year, which were attended by all the members as mentioned below:-

Remuneration Committee Diary

Chairman	Attendance
Vincent Wong Soon Choy ^(a)	–
Winston Paul Wong Chi-Huang ^(b)	2/2
Members	
Sum Kown Cheek	2/2
Syahriza Binti Senan	2/2

Note:

(a) Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.

(b) Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

The Committee has full and unrestricted access the Company's records, properties and personnel. The Committee may obtain professional advice of external consultants on the appropriate of remuneration package.

Directors' Remuneration

The details of the total remuneration of each Directors of the Company during the 2010 financial year are as disclosed in Note 8 to the financial statements.

SECTION 3: SHAREHOLDERS**Annual General Meeting**

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are encouraged to participate in the question and answer session. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for the Annual General Meeting, the Board provided opportunities for the shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide response to questions from the shareholders during these meetings.

For re-election of Directors, the Board ensures that all relevant information regarding Directors who are retiring and who are willing to serve if re-elected are disclosed through the notice of meetings.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

SECTION 4: ACCOUNTABILITY AND AUDIT**Financial Reporting**

The Board is responsible to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

In preparing the annual financial statements and quarterly announcements to shareholders, the Board has:

- Ensured that all applicable accounting standards and the Listing Requirements of Bursa Securities have been applied and followed consistently;
- Made reasonable and prudent judgments and estimates; and
- Prepared financial statements on the going concern basis that having made enquiries to the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Board aims to present the highest standard of disclosure to warrant integrity and consistency of the financial reports produced, primarily in the Chairman's statement in the Annual Report.

The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, completeness and adequacy of information by reviewing and recommending to the Board for adoption.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 31 of this Annual Report.

Internal Control

The Board maintains a sound internal control framework to safeguard shareholders' investment and the Group's assets and businesses. The Statement on Internal Control furnished on page 23 of this Annual Report provides an overview of the state of internal control within the Group.

RELATIONSHIP WITH AUDITORS**With the Internal Audit**

The Group has outsourced the internal audit function to an independent service provider. The Group's Internal Audit performs its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

Draft audit reports prepared by the Internal Audit are first circulated to the management i.e. the head of departments for deliberations on the audit findings, recommendations and agreed corrective actions to enable the management to carry out the necessary remedial measures thereof.

Subsequently, the audit reports are submitted to the Audit Committee for its review and deliberation. The Audit Committee will be briefed on the progress made in respect of each recommendation, and of each corrective action taken as recommended by the audit findings. The internal auditors report to and have unrestricted access to the Audit Committee to ensure independency.

With the External Auditors

The Group through the Audit Committee has established a transparent and good working relationship with its External Auditors. The External Auditors, Messrs Ernst & Young, have continued to highlight to the Group their key findings and matters that require the Committee's attention with respect to each year's audit on the statutory financial statement. The role of the Audit Committee in relation to the external auditors is outlined in the Audit Committee Report on pages 20 to 22 of this Annual Report.

The External Auditors play a crucial role for the advantage of the shareholders, by enhancing the reliability of the Group's financial statement and giving assurance of that reliability to users of the financial statements.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**(a) Utilisation of Proceed**

No proceed were raised by the Company from any corporate exercise during the financial year.

(b) Share Buybacks

During the financial year, the Company bought back 1,467,400 shares from the open market as follows:-

Period Purchased	No. of shares	Purchase price per share			Total Consideration * (RM)
		Highest	Lowest	Average	
23 August 2010	9,200	0.415	0.415	0.415	3,818.00
24 August 2010	20,000	0.415	0.415	0.415	8,300.00
1 September 2010	10,000	0.410	0.410	0.410	4,100.00
2 September 2010	20,000	0.400	0.400	0.400	8,000.00
3 September 2010	400,000	0.400	0.400	0.400	160,000.00
6 September 2010	310,000	0.410	0.400	0.405	125,000.00
7 September 2010	250,000	0.400	0.400	0.400	100,000.00
8 September 2010	448,200	0.405	0.400	0.403	180,280.00
Total	1,467,400	0.407	0.405	0.406	589,498.00

* Excluding transaction costs

All the shares purchased by the company were retained as treasury shares. Save for the above, there were no treasury shares resold or cancelled during the financial year. As at 30 September 2010, a total of 1,467,400 ordinary shares were held as treasury shares.

(c) Options, Warrants or Convertible Securities

No ESOS options have been exercised by the employees during the financial year ended 30 September 2010 and the option was expired on May 2009.

The Company did not issue any warrants or convertible securities during the financial year.

(d) Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt Programme.

(e) Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

(f) Material Contracts

To the best of the Board's knowledge, there were no material contracts involving the Group with any of the substantial shareholders nor Directors in office as at 30 September 2010 except those disclosed under Recurrent Related Party Transactions.

(g) Material Contracts Relating to Loans

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

(h) Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors and internal audit fees for services provided by the internal auditors to the Group and the Company for the financial year amounted to RM5,000.00 and RM 39,000.00 respectively.

(i) Variance between Audited Results and Previously Announced Unaudited Results

There were no variances of 10% or more for the audited results of the Group from the unaudited results as announced on 30 November 2010.

(j) Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

(k) Revaluation Policy on Landed Properties

The Group does not have a revaluation policy for its landed properties.

(l) Recurrent Related-Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 33 to the Financial Statements and circular dated 28 February 2011.

Sum Kown Cheek
Executive Chairman and Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main market Listing Requirements of Bursa Securities.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

<p>MEMBERS OF THE AUDIT COMMITTEE The Audit Committee consists of three [3] Directors as indicated below:</p>
<p>Vincent Wong Soon Choy ^(a) – Chairman [Independent Non-Executive Director]</p>
<p>Mr Winston Paul Wong Chi-Huang ^(b) – Chairman [Independent Non-Executive Director]</p>
<p>Sam Yuen @ Sam Chin Yan – Member [Non-Independent Non-Executive Director]</p>
<p>Syahriza Binti Senan – Member [Independent Non-Executive Director]</p>

Note:

(a) Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.

(b) Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

- (a) the audit committee must be composed of no fewer than 3 members of whom a majority of audit committee must be independent directors;
- (b) all members of the audit committee should be non-executive directors and financially literate; and
- (c) at least one (1) member of the Committee;
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
 - (iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

Procedure of the Audit Committee meetings

- (a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.
- (b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.
- (c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.
- (d) Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.
- (e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of independent directors.
- (f) A representative of the external auditors, the head of internal audit and the Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
- (g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

- (h) A meeting may be convened using telephone and/or the contemporaneous linking together by telephone, other media telecommunication or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as
- (i) the quorum of Committee is met;
 - (ii) at the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
 - (iii) each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
 - (iv) the Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during the disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.
- (i) The Committee should meet with the external auditors without executive board members present at least twice a year.

Rights of the Committee

The Committee shall:

- (a) have explicit authority to investigate any matter within its term of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the audit committee shall be:

- (a) To review the following and report the same to the Board of Directors -
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal controls;
 - (iii) with the external auditors, his audit report;
 - (iv) the assistance given by the employees of the Company to the external auditor;
 - (v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or the implementation of major accounting policy changes;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;
 - (vi) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (vii) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
 - (viii) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- (b) To do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (c) To recommend the nomination of a person or persons as external auditors and the external audit fee.
- (d) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.
- (e) To verify the criteria for allocation of options pursuant to a share scheme for employee.

AUDIT COMMITTEE DIARY

Chairman	Attendance
Vincent Wong Soon Choy ^(a)	–
Winston Paul Wong Chi-Huang ^(b)	5/5
Members	
Syahriza Binti Senan	5/5
Sam Yuen @ Sam Chin Yan	4/5

Note:

- (a) Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.
 (b) Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

During the year 2010, the Audit Committee convened five (5) meetings, which were attended by all the members as mentioned above. These meetings were carried out with proper agendas and adequate notifications.

The respective personnel and representatives [by invitations] as mentioned in the Terms of Reference were present in the meetings.

Upon verification of Audit Committee on the criteria for allocation of options, the ESOS Committee only make one offer to eligible employees during listing of the Company throughout the entire duration of the said scheme. Thereafter, there is no subsequent offer made by the ESOS Committee.

For year 2010, the Audit Committee has carried out its duties in accordance with its Terms of Reference in the following:

- (a) Reviewed the quarterly Unaudited Financial Results before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.
- (b) Reviewed the Year End Audited Financial Accounts and Statements before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.
- (c) Reviewed the Annual Report prepared by the management before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.
- (d) Ensured the preparation of the Audited Financial Statements was in compliance with the applicable Financial Reporting Standards ["FRS"] and provisions of the Companies Act, 1965 before submission for approval by the Board.
- (e) Monitored the compliance requirements in line with the new updates of Bursa Malaysia Securities Berhad, Securities Commission, FRS, legal and regulatory bodies.
- (f) Reviewed the related party transactions by scrutinizing the business dealings between the Company, and its subsidiaries companies to ensure arm's length and always on commercial basis, including monitoring of the inter-company funds. Monitored the compliance of such transactions in line with the required Listing Requirements of Bursa Malaysia Securities Berhad such as announcements.
- (g) Reviewed and approved all internal audit activities in accordance with the approved yearly plan. Discussed with the management on audit issues, recommendations and management's response to improve the system of internal control.
- (h) Reviewed the External Auditor's Plan, and Fees for year end audit 2010 and make recommendations to the Board for approval.
- (i) Reviewed the audit results and management letter of the External Auditors and ensuring management's response to reply.
- (j) Reviewed the internal audit reports, ensuring management's response to reply and communicate to the Board on the issues raised and make recommendations to the Board for approval.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Pelangi Publishing Group Bhd ("the Group") recognises that it is the Board's responsibility to review the adequacy and integrity of the Group's system of internal control. The Board is committed to maintain and ensure that a system of internal control exists and operating effectively across the Group. The Board is pleased to provide this statement outlining the nature and scope of internal control of the Group during the financial year pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and compliance with Section 167A of the Companies Act, 1965.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for establishing and maintaining a risk management framework and a sound system of internal control as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated these aforementioned responsibilities to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Committee by the Management, the internal audit function and the external auditors.

As there are inherent limitations in any system of internal control, it can only manage rather than eliminate all risks that may impede the achievement of the Group's corporate objectives. Therefore, the system of internal control can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

THE RISK AND CONTROL MANAGEMENT FRAMEWORK

The Management had put in place a structured Risk Management Framework. The responsibility for the identification, assessment and management of the risk lies with the Executive Board and Management. During the financial year ended 30 September 2010, the Management had conducted an update exercise of key risk profile of the Group to assess the applicability and continuity of existing key business risks identified previously and to identify emergent key business risks faced by the Group, due to the changes in the external and operational environment as well as business direction since the last risk assessment, for Executive Board and management to proactively identify and implement mitigation actions, if any.

INTERNAL AUDIT FUNCTION

The review of the adequacy and integrity of the Group's internal control system is outsourced to independent service provider, who, through the Audit Committee provides the Board with much of the assurance it requires in respect of the adequacy and integrity of the Group's systems of internal control. Internal audit plan in respect of financial year ended 30 September 2010 and financial year ending 30 September 2011 was drafted, after taking into consideration existing and emergent key business risks identified during the update exercise of key risk profile of the Group, and was approved by Audit Committee for execution.

During financial year ended 30 September 2010, the independent service provider conducted two (2) cycles of internal control reviews on key business processes in accordance to Internal Audit Plan or any amendment thereof approved by the Audit Committee. Upon the completion of the internal audit field works, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated. Update on the status of action plans as identified in the previous internal audit report was presented during the financial year under review for Audit Committee to review and deliberate.

On the other hand, high-level assessment on the Group's internal control environment has been performed by the External Auditor to ensure reasonable levels of controls are in place. These audit results had been tabled and highlighted to the Board and Audit Committee's attention. No significant observations were noted arising from the audit, which has direct impact to the financial statement.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The key processes that have been established in reviewing the adequacy and integrity of the system of internal control include the following:

- The Group has a well defined organization structure in place. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated accordingly to competent staffs to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Executive Directors and Senior Management.
- Management meetings are held at regular interval. During the meetings, the Senior Management also reviews and discusses operational performance and other significant operational issues arising.

CONCLUSION

The Board is committed towards maintaining an effective risk management framework and a sound system of internal control throughout the Group and where necessary put in place appropriated plans to further enhance the Group's systems of internal control.

Notwithstanding this, the Board will continue evaluating and managing the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

Sum Kown Cheek
Executive Chairman and Managing Director