

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

The Notice of the Annual General Meeting of PELANGI PUBLISHING GROUP BHD. to be held at Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 06 March 2020 at 10.00 a.m. together with the Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 30 September 2019.

A shareholder entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies (subject to a maximum of two (2) proxies at each meeting) to attend and vote instead of him. The Form of Proxy should be lodged at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) situated at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not later than forty-eight (48) hours before the time set for the Meeting or at any adjournment thereof. The lodgment of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently wish to do so.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Bursa Malaysia Securities Berhad has not perused the section pertaining to the Proposed Renewal of Existing Share Buy-Back Authority (as defined herein) prior to the issuance of this Circular as it is prescribed as an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



PELANGI PUBLISHING GROUP BHD.

Registration No. 200201025986 (593649-H)
(Incorporated in Malaysia)

CIRCULAR/STATEMENT TO SHAREHOLDERS

Part A

In relation to the

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

Part B

In relation to the

PROPOSED RENEWAL OF EXISTING SHARE BUY-BACK AUTHORITY

Last day, date and time for lodging the Form of Proxy	: Wednesday, 04 March 2020 at 10.00 a.m.
Day, date and time of the Annual General Meeting	: Friday, 06 March 2020 at 10.00 a.m.

This Circular is dated 22 January 2020

DEFINITIONS

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

“AGM”	:	Annual General Meeting
“Board”	:	The Board of Directors of PPG
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"By-Laws"	:	The terms and conditions of the ESOS as may be amended, modified or supplemented from time to time
“CMSB”	:	Comtech Marketing Sdn. Bhd. (Registration No. 198301009404 (104669-W))
“CMSA”	:	Capital Markets and Services Act 2007
“Director”	:	has the meaning given in section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon – <ul style="list-style-type: none">(i) a director of the listed issuer, its subsidiary or holding company;(ii) a chief executive of the listed issuer, its subsidiary or holding company;(iii) in relation to a SPAC, a member of the SPAC’s management team;(iv) in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company; and(v) in relation to a closed-end fund, in addition to a director or chief executive of the closed-end fund, a director or chief executive of the Manager, its subsidiary or holding company
“DPL”	:	Dickens Publishing Ltd (7033325)
“EPS”	:	Earnings per Share
“EGM”	:	Extraordinary General Meeting
"Eligible Person(s)"	:	Employees and Directors of PPG and its subsidiary companies, which are not dormant, who meet the criteria of eligibility in the manner as indicated in the By-Laws
"ESOS"	:	Employees’ share option scheme, being the scheme for the granting of ESOS Options to Eligible Persons to subscribe for new Pelangi Shares upon the terms and conditions in the manner as indicated in the By-Laws
"ESOS Option(s)" or "Option(s)"	:	The right of a Grantee which may be conditional or unconditional to subscribe for new PPG Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner as indicated in the By-Laws

DEFINITIONS (Continued)

"ECSB"	:	Elite Corridor Sdn. Bhd. (Registration No. 199701015614 (431111-V))
"Grantee(s)"	:	An Eligible Person who has accepted an Offer in the manner as indicated in By-Laws
"HCCLCR"	:	Hebei Culture Communication Ltd. Chunyu Rainbow (130100400003122)
"LPD"	:	24 December 2019, being the latest practicable date prior to the printing and despatch of this Circular
"these Requirements" or "MMLR"	:	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendment that may be made from time to time.
"MMLR"	:	Main Market Listing Requirements
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) excluding a public holiday and on which Bursa Securities is open for trading of securities
"Major Shareholder"	:	Means a person has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is- a) 10% or more of the total number of voting shares in the corporation; or b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder (as defined above) of the listed issuer or any other company which is its subsidiary or holding company
"NA"	:	Net assets attributable to ordinary equity holders of PPG
"person(s) connected"	:	Has the same meaning as Chapter 1 of MMLR
"Pelangi Group" or "the Group"	:	PPG, its subsidiaries and associated companies
"PESB"	:	Pelangi Education Sdn. Bhd. (Registration No. 199801002036 (458162-U))
"PePSB"	:	Pelangi ePublishing Sdn. Bhd. (Registration No. 201101011654 (939787-V))

DEFINITIONS (Continued)

“PFSB”	:	Pelangi Formpress Sdn. Bhd. (Registration No. 198801004647 (172005-U))
“PKSB”	:	Pelangi Kids Sdn. Bhd. (Registration No. 200501015108 (692155-U))
“PMTSB”	:	Pelangi Multimedia Technologies Sdn. Bhd. (Registration No. 200201018308 (585971-M))
“PNSB”	:	Pelangi Novel Sdn. Bhd. (Registration No. 199601006923 (379269-A))
“PPG” or “the Company”	:	Pelangi Publishing Group Bhd. (Registration No. 200201025986 (593649-H))
“PPG Shares” or “Shares”	:	Ordinary shares of PPG
“PPHSB”	:	Pelangi Publishing Holdings Sdn. Bhd. (Registration No. 199901018618 (493518-H))
“PPISB”	:	Pelangi Publishing International Sdn. Bhd. (Registration No. 200001014999 (517605-P))
“PPSB”	:	Penerbitan Pelangi Sdn. Bhd. (Registration No. 198201009396 (89120-H))
“PPSPL”	:	Praxis Publishing Singapore Pte. Ltd. (201112597C)
“PPPSB”	:	Pelangi Professional Publishing Sdn. Bhd. (Registration No. 201401044498 (1120680-A))
“PPT”	:	Pelangi Publishing (Thailand) Co. Ltd. (0105547130710)
“Proposals”	:	Proposed RSM and Proposed Renewal of Existing Share Buy-back Authority, collectively
“Proposed RSM”		Proposed renewal of the existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature
“PTPPI”	:	PT. Penerbitan Pelangi Indonesia (02.379.621.2-416.000)
“Purchased Shares”	:	Pelangi Shares to be purchased pursuant to the Proposed Share Buy-Back Authority
“Proposed Share Buy-back Authority”	:	Proposal to enable Pelangi to purchase its own Shares of up to 10% of the total number of issued shares of the Company
“Proposed Renewal of Existing Share Buy-back Authority”	:	Proposed Renewal of authority for the Company to purchase its own Shares of up to 10% of total number of issued shares of the Company which was obtained on 15 March 2019, being the date of last AGM

DEFINITIONS (Continued)

“Related Party(ies)”	:	Means a director, major shareholder of PPG or person connected with such director or major shareholder as defined under Chapter 1 and 10 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RRPT(s)”	:	Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Group’s day-to-day operations
“SCSB”	:	Sutera Ceria Sdn. Bhd. (Registration No. 199901024689 (499589-M))
“TCPSB”	:	The Commercial Press, Sdn. Berhad (Registration No. 195301000094 (2390-V))
“Treasury Shares”	:	Purchased Shares which will be retained as treasury shares
“TPSB”	:	Tunas Pelangi Sdn. Bhd. (Registration No. 198301010289 (105652-A))
“ULSB”	:	United Logistics Sdn. Bhd. Registration No. 198901011593 (188898-V))
“VWAMP”	:	Volume Weighted Average Market Price

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise stated.

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PART A

CIRCULAR TO SHAREHOLDERS

in relation to the

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



PELANGI PUBLISHING GROUP BHD.

Registration No. 200201025986 (593649-H)

(Incorporated in Malaysia)

Registered Office

Suite 9D, Level 9, Menara Ansar

65 Jalan Trus

80000 Johor Bahru, Johor.

22 January 2020

Directors

Datuk Sum Kown Cheek (Executive Chairman and Group Managing Director)

Syahriza Binti Senan (Independent Non-Executive Director)

Vincent Wong Soon Choy (Independent Non-Executive Director)

Sum Lih Kang (Executive Director)

Koh Siew Shern (Executive Director)

Datin Dr Norrizan Binti Razali (Independent Non-Executive Director)

Wong Tuck Cheong (Non-Independent Non-Executive Director)

To: The Shareholders of **PELANGI PUBLISHING GROUP BHD.**

Dear Sir/Madam,

PELANGI PUBLISHING GROUP BHD.

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

1.0 INTRODUCTION

At the AGM of the Company held on 13 March 2019, shareholders of PPG had approved a mandate for the Pelangi Group to enter into arrangements or recurrent transactions with related parties which are necessary for the Group's day-to-day operations, in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. The said mandate shall expire at the conclusion of the forthcoming AGM which will be held on 06 March 2020, unless by a resolution passed at the meeting, the authority is renewed.

Accordingly, the Board had on 12 December 2019 announced to Bursa Securities that the Company proposes to seek shareholders' approval for the Proposed RSM as set out in section 2.1 of this Circular for recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations and are in the ordinary course of business of the Pelangi Group pursuant to paragraph 10.09 of the Main Market Listing Requirements.

THE PURPOSE OF THIS CIRCULAR IS TO SET OUT DETAILS OF AND INFORMATION RELATING TO THE PROPOSAL, AND YOUR BOARD'S RECOMMENDATION THEREON, AND TO SEEK YOUR APPROVAL FOR THE RELEVANT RESOLUTION TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY. THE NOTICE OF AGM AND THE PROXY FORM ARE ENCLOSED IN OUR ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019.

2.0 DETAILS OF PROPOSAL

2.1 PROPOSED RSM

The Group had entered into various RRPT and will continue to enter into such RRPT as set out in section 2.1.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Part E, Paragraph 10.09 of Main Market Listing Requirements, a listed issuer may seek renewal of shareholders' mandate in respect of recurrent related party transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by the Bursa Securities. The draft circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the related party with an interest, direct or indirect, must not vote on the resolution approving the transaction pursuant to Paragraph 10.08 (7) of the Main Market Listing Requirements ;
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Proposed RSM, if approved by the shareholders of PPG at the forthcoming AGM, will take effect from the passing of the Ordinary Resolutions at the forthcoming AGM and will only continue to be in force until:

- (i) 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; or
- (ii) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM subject to a satisfactory review by the Audit Committee of its continued application to Recurrent Related Party Transactions.

The Company will disclose in its Annual Report on the aggregate value of the RRPT conducted for the financial year ended 30 September 2019 by providing a breakdown of the aggregate value of the RRPT based on the type of the transactions made and the names of the related parties involved in each type of the RRPT made and their relationship with the Company, and in the Annual Report of the subsequent year during which shareholders' mandate remains in force.

2.1.1 BUSINESS ACTIVITY OF THE GROUP

The principal activity of PPG is an investment holding company whilst its subsidiaries and/or associates are principally in the publishing and printing of a wide range of educational books, children's books, multimedia educational products, and program and operations guide for kindergarten and daycare centre. The Company is also a long term portfolio investor in securities. The principal activities of its subsidiaries and/or associates and effective interest are as follows:-

(A) Subsidiaries and Associate of PPG

Name of Company	Effective equity interest	Principal activities
DPL	100.00%	Publishing and distribution of books
PESB	100.00%	Educational services
PPHSB	100.00%	Investment holding
PPISB	100.00%	Investment holding
PPSB	100.00%	Publishing, producing and distribution of books and other educational materials and sale of publishing rights
PePSB	100.00%	Publishing, producing and distribution of e-books and multimedia related products and materials
PPSPL	100.00%	Publishing, producing and distribution of books
HCCLCR	40.00%	Production of academic, children and general titles and multimedia related products for the China market
PPPSB	80.00%	Publishing and distribution of higher education books and other related materials
SCSB	100.00%	Property management
TPSB	100.00%	Publishing, producing and distribution of books and other educational materials and sale of publishing rights

(B) Subsidiaries of PPSB

Name of Company	Effective equity interest	Principal activities
CMSB	100.00%	Provision of typesetting and printing services
ECSB	100.00%	Investment holding and property management
PFSB	100.00%	Printing of computer forms and general printing services
PNSB	100.00%	Publishing novels
PTPPI	5.00%	Producing, distribution books and educational materials and; Producing and distribution multimedia and web related products

(C) Subsidiaries and Associates of PPHSB

Name of Company	Effective equity interest	Principal activities
TCPSB	100.00%	Provision of printing services
PMTSB	62.132%	Multimedia and graphic designing and the production of educational CD-ROMS and related IT products

(D) Subsidiary of PMTSB

Name of Company	Effective equity interest	Principal activities
PKSB	100.00%	Educational services

(E) Subsidiaries of PPISB

Name of Company	Effective equity interest	Principal activities
PPT	90.00%*	Producing, distribution of books and educational materials; Producing and distribution of multimedia and web related product and; Agencies and licensing to publish, print and distribute books and educational materials
PTPPI	95.00%	Producing, distribution books and educational materials and; Producing and distribution multimedia and web related products

In view of the time sensitive, confidential and frequent nature of such RRPT, the Board is seeking approval of the shareholders of PPG for the Proposed RSM in order for the Group to enter into transactions in the ordinary course business with the classes of Related Parties set out in section 2.1.2.

Notes:

* Percentage calculated based on Ordinary Shares Issued.

2.1.2 DETAILS, CLASS AND NATURE OF RRPT

(I) The nature of the Proposed RSM with whom RRPT are carried out are tabulated as follows:

Transactions Related Parties	Nature of Transactions	Benefits to the Group				Interested Directors, Substantial Shareholders, persons connected with them	Estimated aggregate value as disclosed in the Circular to Shareholders dated 29 January 2019 (“Estimated Value”) RM (‘000)	Actual value transacted (“Actual Value”)+ RM (‘000)	Estimated Value* From forthcoming AGM to the Next AGM** RM (‘000)
		®	©	∞	#				
PPSB									
a) Datuk Sum Kown Cheek & Datin Lai Swee Chiung	Letting of premises ⁽ⁱ⁾ to PPSB			√	√	Datuk Sum Kown Cheek ⁽¹⁾ Datin Lai Swee Chiung ⁽²⁾	54	32	54
b) Datuk Sum Kown Cheek	Letting of premises ⁽ⁱⁱ⁾ to PPSB			√	√	Datuk Sum Kown Cheek ⁽¹⁾ Datin Lai Swee Chiung ⁽²⁾	22	13	22

Notes:

* The basis of estimated value is based on the average amount of preceding years’ transactions.

** The expected date of next AGM is March 2021.

+ Actual Value up to the latest practicable date before the printing of this Circular i.e 24 December 2019

Notes In Relation To Interests:

- (1) Datuk Sum Kown Cheek is a director and substantial shareholder of PPG. By virtue of his substantial shareholdings in PPG, he is deemed interested in all subsidiaries and associated companies. He is also a director of all subsidiaries and associated companies of the Group. He holds shares in PTPPI for the interest of PPG.
- (2) Datin Lai Swee Chiung is a substantial shareholder of PPG and spouse of Datuk Sum Kown Cheek. By virtue of her relationship with Datuk Sum Kown Cheek, she is deemed interested in all subsidiaries and associated companies.

Notes in relation to benefits to the Group:

(®) Better control over product and service quality.

(©) Better control over production and delivery schedule.

(∞) Convenient purpose.

(#) Strategic location.

(II) Description of Properties

Notes	Description	Postal Address	Existing use of properties	Estimated Usage of Rental/Build Up Area (Sq. Ft.)	Rental Value (RM)	Period of Tenancy	Ownership
(i)	1½ storey factory lot	No. 11, Jalan P/18, Taman Industrial Selaman, Seksyen 10, Bandar Baru Bangi, 43650 Bangi, Selangor.	Warehouse	4955/4955	54,000 per annum	01-02-19 To 31-01-21	Datuk Sum Kown Cheek & Datin Lai Swee Chiung
(ii)	2 storey terrace house	No. 58, Jalan Sri Pelangi, Taman Pelangi, 80400 Johor Bahru, Johor.	Staff hostel	1848/1848	22,000 per annum	01/02/19 To 31/01/21	Datuk Sum Kown Cheek

2.1.3 TERMS OF TRANSACTIONS

The transactions are undertaken at:

- (a) Sale or purchase of goods and services
The sale or purchase of goods and services shall be determined on the basis of the prevailing rates/prices of goods and services (including preferential rates/prices/ discounts accorded to a class or classes of customers of bulk purchases) according to their usual commercial terms and business practices or otherwise in accordance with other applicable industry norms/ consideration.
- (b) Rental rates
The rate of rental of properties shall be based on the prevailing market rates for the same or substantially similar properties and shall be on normal commercial terms at the point of entering into the tenancy agreement(s) or upon renewal.

2.1.4 REVIEW PROCEDURES FOR RECURRENT RELATED PARTY TRANSACTIONS

To ensure that the RRPT are undertaken on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders and that they are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders, the Board will ensure that all transactions with Related Parties will only be entered into after taking into consideration the pricing, level and quality of products or services.

The Directors of PPG have established the following review procedures which are to be carried out for each proposed RRPT: -

- (a) Records will be maintained by the Company to capture all RRPT entered into pursuant to the Proposed RRPT to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (b) Market prices will be used to determine the transaction price for transactions with Related Party.
- (c) On a periodic basis, the procedures and guidelines pertaining to RRPT will be reviewed by senior management of PPG and the Audit Committee to ensure that the terms of the transactions are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders.
- (d) The annual internal audit plan shall incorporate a review of all RRPT to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Should any discrepancies arise relating to the procedures and guidelines, proper steps would be taken to rectify them accordingly. The external auditors shall also review all RRPT as part of their work scope.
- (e) The Board of Directors and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with. The review shall be done annually.
- (f) Where any person(s) has an interest in the RRPT to be reviewed, such person(s) shall abstain from deliberation and voting in respect of such transactions.
- (g) Disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed RSM during the financial year and in the annual reports for the subsequent financial years during which the shareholders' mandate remains in force. In making such disclosure, a breakdown will be provided of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed RSM during the current financial year, amongst others, based on the following:-
 - (i) the type of the RRPT made; and
 - (ii) the names of the Related Parties involved in each type of RRPT and their relationship with Pelangi Group.

- (h) The threshold approval of RRPT will be as follows:-
- (i) Transactions below RM100,000 each in value will be reviewed and approved by one (1) senior management who has no interest in the transaction.
 - (ii) Transactions equal or exceeding RM100,000 but lower than RM2.0 million each in value will be reviewed and approved by any one (1) Director (not being a person connected to the Related Party); and
 - (iii) Transactions equal or exceeding RM2.0 million each in value will be reviewed and approved by any two (2) Board of Directors (not being a person connected to the Related Party).
- (i) The Company always obtains at least 2 unrelated third parties of similar products/services and/or quantities are compared, wherever possible, to determine the price and terms offered to/by the related parties are fair and reasonable. In the event of unavailability of quotation or comparative pricing, transaction price will be offered to/by at a margin that will not be detrimental to the Company or the Group.
- (j) All companies within the Group have been and will be kept informed of the list of Related Parties and the procedures applicable to all Recurrent Related Party Transactions as part of its procedures to monitor, track and identify the Recurrent Related Party Transactions.

2.1.5 STATEMENT BY AUDIT COMMITTEE

The Audit Committee of PPG has seen and reviewed the terms of the Proposed RSM is satisfied that the review procedures for the Recurrent Related Party Transactions (as set out in section 2.1.4 above) are sufficient to monitor, track and identify the RRPT in a timely and orderly manner; and to ensure that such transactions will be carried out at arm's length basis, and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and hence will not prejudicial to the minority shareholders or disadvantageous to the Group.

The Audit Committee shall review and ascertain whether the established guidelines and procedures to monitor the RRPT have been complied with at least once a year. If during its annual review, the Audit Committee should be of the view that such guidelines and procedures are no longer appropriate or adequate to ensure that RRPT will be carried out on normal commercial terms or will be prejudicial to the interests of the minority shareholders, the Company will then seek a fresh mandate from the shareholders based on new guidelines and procedures.

2.1.6 STATEMENT BY BOARD OF DIRECTORS

There is no outstanding amount owing by related parties up to the latest practicable date.

3.0 RATIONALE FOR THE PROPOSAL

3.1 PROPOSED RSM

The RRPT entered or to be entered into by Pelangi Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

These transactions may be constrained by the time-sensitive nature and confidentiality of such transaction, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT. As such, the Board is seeking a shareholders' mandate pursuant to Paragraph 10.09 of the Main Market Listing Requirements for the RRPT described herein to allow Pelangi Group to enter into such recurrent transactions made at arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders.

Hence, the Proposed RSM would result in a saving of administrative time, costs and expenses for the Company. It would also enable Pelangi Group to meet its corporate objectives and realise business opportunities, as and when they shall become available to Pelangi Group, in a more timely and effective way.

4.0 EFFECTS OF THE PROPOSED RSM

The Proposed RSM will not have any material effects on the issued and paid up capital, net assets or earnings of the Pelangi Group based on the latest audited financial statements for the financial year ended 30 September 2019. The Proposed RSM will also have no material effects on the substantial shareholders and their respective shareholdings including any benefit which is expected to accrue to the Company as a result of the transactions.

5.0 APPROVAL REQUIRED

The Proposed RSM is subject to the approval of the shareholders of PPG at the forthcoming AGM.

6.0 INTERESTED DIRECTORS' AND INTERESTED MAJOR SHAREHOLDERS' INTERESTS

6.1 The direct and indirect interests of interested Directors and/or major shareholders in the Company based on the Register of Directors' Shareholdings/ Record of Depositors/ Register of Substantial Shareholders as at 24 December 2019 are as follows: -

Interested Directors	Direct	%	Indirect	%
Datuk Sum Kown Cheek ^(a)	27,914,755	28.91	3,437,465	3.56

Interested Major Shareholders	Direct	%	Indirect	%
Datuk Sum Kown Cheek	27,914,755	28.91	3,437,465	3.56
Datin Lai Swee Chiung	3,437,465	3.56	26,986,255	27.95

a) *Deemed interest by virtue of the interest of spouse*

6.2 Datuk Sum Kown Cheek, being the interested Director, has and will continue to abstain from board deliberations and voting in the Proposed RSM. The interested Director will also abstain from voting in respect of his direct and/or indirect shareholdings in PPG on the resolution at the forthcoming AGM to be convened in relation to the Proposed RSM. In addition, Datuk Sum Kown Cheek and Datin Lai Swee Chiung, being interested Major Shareholders of PPG, who are interested in the Proposed RSM will also abstain from voting in respect of their direct and/or indirect shareholdings in PPG on the resolution at the forthcoming AGM to be convened in relation to the Proposed RSM.

The interested Directors and interested Major Shareholders will ensure that persons connected with them stipulated above will abstain from voting in respect of their direct and indirect shareholdings in relation to the resolution deliberating or approving the Proposed RSM at the forthcoming AGM to be convened.

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

7.0 DIRECTORS' RECOMMENDATION

The Board of Directors of PPG (save for Datuk Sum Kown Cheek who is deemed interested), is of the opinion that the Proposed RSM is fair, reasonable and in the best interest of the Company. Accordingly, the Board of Directors of PPG (save for Datuk Sum Kown Cheek who is deemed interested, has abstained from expressing any recommendations in relation to the Proposed RSM) recommends that you vote in favour of the resolution to be tabled at the forthcoming AGM to approve the Proposed RSM.

8.0 ANNUAL GENERAL MEETING

8.1 An AGM, the notice of which is enclosed in the Annual Report of the Company for the financial year ended 30 September 2019 accompanying this Circular, will be held at Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 6 March 2020 at 10.00 a.m. for the purpose of considering and if thought fit, passing the relevant resolutions to approve the Proposed RSM.

8.2 If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the enclosed Form of Proxy attached to the Annual Report of the Company for the financial year ended 30 September 2019, in accordance with the instructions printed thereon as soon as possible, so as to arrive at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) situated at 11th Floor, Menara Symphony, No. 5, Jalan Professor

Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM. The lodging of the Form of Proxy Form will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

9.0 FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of Directors of
PELANGI PUBLISHING GROUP BHD.

VINCENT WONG SOON CHOY
INDEPENDENT NON-EXECUTIVE DIRECTOR

PART B

STATEMENT TO SHAREHOLDERS

in relation to the

PROPOSED RENEWAL OF EXISTING SHARE BUY-BACK AUTHORITY

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS OWN SHARES

1.0 INTRODUCTION

On 12 December 2019, the Company had announced that the Board proposes to seek shareholders' approval for the Proposed Renewal of Existing Share Buy-back Authority at the forthcoming AGM as set out in page 184-190 of the 2019 Annual Report.

THE PURPOSE OF THIS STATEMENT IS TO PROVIDE YOU WITH THE INFORMATION ON THE PROPOSAL AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY, WHICH WILL BE HELD AT PALM RESORT BERHAD, MELATI HALL, JALAN PERSIARAN GOLF, OFF JALAN JUMBO, 81250 SENAL, JOHOR FRIDAY, 6 MARCH 2020 AT 10.00 A.M. THE NOTICE OF AGM AND THE PROXY FORM ARE ENCLOSED IN OUR ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019.

2.0 DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

At the AGM of the Company held on 13 March 2019, the Directors obtained shareholders' approval for the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company for the time being on Bursa Securities.

In accordance with MMLR governing the purchase of own shares by a listed company, the Proposed Share Buy-Back Authority shall lapse at the conclusion of the forthcoming AGM of the Company, unless it is renewed. Accordingly, the Directors propose to seek shareholders' approval for the Proposed Share Buy-Back Authority.

The Proposed Renewal of Existing Share Buy-back Authority will be effective immediately upon passing of the ordinary resolution up to the conclusion of the next AGM (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held, whichever occurs first).

Pursuant to Paragraph 12.17 of the MMLR, the Company may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the VWAMP of PPG Shares for the five (5) Market Days immediately before the date of any purchase(s).

The actual number of PPG Shares to be purchased and the timing of any purchase would depend on, inter alia, the prevailing market conditions and sentiments, the availability of the retained earnings of the Company, as well as the financial resources available to the Company at the time of purchase.

3.0 RATIONALE

The Proposed Share Buy-Back Authority, if implemented, will enable the Company to utilise its surplus financial resources, which is not immediately required for other uses, to

purchase its own Shares from the market. The Proposed Share Buy-Back Authority, if implemented, is expected to stabilise the market price of PPG Shares and to prevent against speculation of PPG Shares, when undervalued, to enhance investors' confidence.

Other thing being equal, the Proposed Share Buy-Back Authority, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of PPG Shares being used for the purposes of computing the EPS. Therefore, the Proposed Share Buy-Back Authority will improve the EPS of the Company, which in turn is expected to have a positive impact on the market price of the Company.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realizing a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back Authority is not expected to cause any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company. The Board, in undertaking the Proposed Share Buy-Back Authority, will be mindful of the interests of the Company and its shareholders.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (i) The Proposed Share Buy-Back Authority will enable the Company to take preventive measures against speculation, particularly when the shares are undervalued and this would, in turn, stabilise the market price of PPG Shares and hence, enhance investors' confidence;
- (ii) The Proposed Share Buy-Back Authority will provide the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (iii) The Proposed Share Buy-Back Authority will provide the Company with opportunities for potential gains if the Purchased Shares which are retained as treasury shares, are resold at a higher price than they were bought for; and
- (iv) The Proposed Share Buy-Back Authority will enable the Purchased Shares to be retained as treasury shares, and if distributed as share dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (i) The Proposed Share Buy-Back Authority will reduce the financial resources of the Company, which may result in the Company foregoing better investment opportunities that may emerge in the future; and

- (ii) The Proposed Share Buy-Back Authority can only be made out of retained earnings of the Company and may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

In any event, the Board will be mindful of the interest of the Group and its shareholders when implementing the Proposed Share Buy-Back Authority or when cancelling and/or reselling the Treasury Shares, if any.

5.0 EFFECTS

5.1 Share Capital

The proforma effects of the Proposed Share Buy-Back Authority on the total number of issue shares of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Total number of issued shares as at the LPD	100,043,000	50,021,500	100,043,000	50,021,500
Less: Treasury shares, at par	(3,445,500)	(1,722,750)	-	-
	96,597,500	48,298,750	100,043,000	50,021,500
Shares to be issued assuming full exercise of the ESOS Options granted* ¹	14,489,625	7,244,812	15,006,450	7,503,225
	111,087,125	55,543,562	115,049,450	57,524,725
Assuming the Purchased Shares are cancelled* ²	(7,663,213)	(3,831,606)	(11,504,945)	(5,752,472)
Resultant total number of issued shares	103,423,913	51,711,956	103,544,505	51,772,253

Notes:-

*¹ Assuming that the number of ESOS Options granted amounts to 15% of the total number of issued shares of the Company (excluding the treasury shares)

*² Assuming up to 10% of the enlarged total number of issued shares upon full exercise of the ESOS Option granted is purchased under the Proposed Share Buy-Back Authority and are subsequently cancelled

The proforma effects of the Proposed Share Buy-Back Authority on the resultant total number of issued shares of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares. The above illustration assumes that the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as treasury shares, resold or distributed to its

shareholders, the Proposed Share Buy-Back Authority will have no effect on the existing total number of issued shares of the Company.

5.2 Net Assets ("NA")

The effect of the Proposed Share Buy-Back Authority on the NA of the Group will depend on the actual number of and prices paid for the Purchased Shares, the effective funding cost to the Group to finance the purchase of such Shares, or any loss in interest income to the Group, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders of PPG.

If all Purchased Shares are cancelled, the NA of the Group would decrease if the purchase price per Purchased Share exceeds the NA per Share at the relevant point in time, and vice versa.

The NA of the Group would decrease if the Purchased Shares are retained as treasury shares, due to the requirement for treasury shares to be carried at cost and be offset against equity.

If the treasury shares are resold on Bursa Securities, the NA of the Group would increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of the Group would decrease by the cost of the treasury shares.

The Proposed Share Buy-Back Authority, as and when implemented, will reduce the working capital of the Company, the quantum of which will depend on, amongst others, the number and the purchase price(s) of the Purchased Shares.

5.3 Earnings

The Proposed Share Buy-Back Authority may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to PPG to finance the purchase of such Shares, or any loss in interest income to PPG or opportunity cost in relation to other investment opportunities.

Assuming that the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back Authority shall increase the EPS of the Group provided that the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the share purchase.

5.4 Working Capital

The Proposed Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of the Group, the quantum of which depends on, amongst others, the number of Shares purchased and the purchase price(s) of the Shares.

For the Purchased Shares which are kept as Treasury Shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds from the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the Treasury Shares and the number of Treasury Shares resold.

5.5 Dividends

The Proposed Share Buy-Back Authority may have an impact on the Company's cash available for dividend payment. Nonetheless, the Treasury Shares may be distributed as dividend to the shareholders if the Company so decides.

Assuming the Proposed Share Buy-Back Authority is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back Authority will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the total number of issued shares of the Company.

Any dividend to be declared by the Company in the future would depend on, inter-alia, the profitability, retained earnings, cash flow position and capital requirements of the Group.

5.6 Effects of the Malaysian Code on Take-overs and Mergers 2010

As it is not intended for the Proposed Share Buy-Back Authority to trigger the obligation to undertake a mandatory offer under the Code by any of the Company's substantial shareholders and/ or parties acting in concert with them, the Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Share Buy-Back Authority would not result in triggering any mandatory offer obligation on the part of its substantial shareholders and/ or parties acting in concert with them. In this connection, the Board is mindful of the requirements when making any purchase of the Shares pursuant to the Proposed Share Buy-Back Authority.

6.0 SOURCE OF FUNDING

The Proposed Share Buy-Back Authority may be funded through internally generated funds and/ or bank borrowings, as long as the purchase is backed by an equivalent amount of retained profits of the Company.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back Authority shall not exceed the aggregate amount of the retained earnings of the Company.

The amount of funds to be utilised for the Proposed Share Buy-Back Authority will only be determined later, depending on the actual number and price(s) of the Purchased Shares, the availability of funds at the time of purchase(s) and other relevant cost factors. Should the purchase of PPG Shares be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such borrowings and that the repayment will not have any material adverse effect on the cash flow of the Pelangi Group.

Based on the latest audited financial statements for the financial year ended 30 September 2019 of PPG, the accumulated retained earnings at the Company level is RM9,652,372.

6.1 Share Buybacks

During the financial year, there were no shares bought back for the financial year ended 30 September 2019.

All the shares purchased by the Company were retained as treasury shares. Save as above, there were no treasury shares resold or cancelled during the financial year. As at 30 September 2019, a total of 3,445,500 ordinary shares were held as treasury shares.

7.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effect of the Proposed Share Buy-Back Authority on the shareholdings of the Directors and Substantial Shareholders of the Company are set out below:-

7.1 *Minimum Scenario*

Assuming all the existing 3,445,500 treasury shares are retained in the Company and full exercise of the ESOS Options granted prior to the implementation of the Proposal of Share Buy-Back

Directors

Directors	Shareholdings as at the LPD				The Proposed Share Buy-Back Authority			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Sum Kown Cheek	27,914,755	28.90	3,437,465* ¹	3.56	29,364,755	28.39	3,437,465* ¹	3.32
Vincent Wong Soon Choy	-	-	-	-	750,000	0.73	-	-
Syahriza binti Senan	13,750	0.01	-	-	763,750	0.74	-	-
Sum Lih Kang	-	-	-	-	500,000	0.48	-	-
Koh Siew Shern	-	-	-	-	-	-	-	-
Datin Dr Norrizan Binti Razali	-	-	-	-	-	-	-	-
Wong Tuck Cheong	-	-	-	-	-	-	-	-

Substantial shareholders

Substantial shareholders	Shareholdings as at the LPD			The Proposed Share Buy-Back Authority				
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Sum Kown Cheek	27,914,755	28.90	3,437,465 ^{*1}	3.56	29,364,755	28.39	3,437,465 ^{*1}	3.32
Datin Lai Swee Chiung	3,437,465	3.56	27,914,755 ^{*1}	28.90	3,437,465	3.32	29,364,755 ^{*1}	28.39
United Logistics Sdn Bhd	5,500,000	5.69	-	-	5,500,000	5.32	-	-
Datuk Sam Yuen @ Sam Chin Yan	-	-	6,182,500 ^{*2}	6.40	750,000	0.73	6,182,500 ^{*2}	5.98
Yeoman 3-Rights Value Asia Fund	-	-	7,000,000 ^{*3}	7.25	-	-	7,000,000 ^{*3}	6.77
Yeoman Capital Management Pte Ltd	224,750	0.23	7,250,000 ^{*4}	7.51	224,750	0.22	7,250,000 ^{*4}	7.01
Yeo Seng Chong	625,000	0.65	7,474,750 ^{*5}	7.74	625,000	0.60	7,474,750 ^{*5}	7.23
Lim Mee Hwa	-	-	8,099,750 ^{*5}	8.39	-	-	8,099,750 ^{*5}	7.83

Notes:-

^{*1} Deemed interest by virtue of the interest of spouse

^{*2} Deemed interest pursuant to Section 8 of the Companies Act, 2016 and spouse.

^{*3} Deemed interest by virtue of its indirect interest in DB (Malaysia) Nominee (Asing) Sdn. Bhd.

^{*4} Deemed interest by virtue of its role as investment manager for its clients including Yeoman 3-Rights Value Asia Fund.

^{*5} Deemed interest by virtue of her/his indirect interest in Yeoman Capital Management Pte Ltd

^{*6} For illustration purposes only, assuming 1,450,000 ESOS Options and 750,000 ESOS Options are granted to Datuk Sum Kown Cheek and Datuk Sam Yuen @ Sam Chin Yan, respectively, as the allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the total number of issued shares of PPG (excluding treasury shares), must not exceed 10% of the total number of ESOS Shares.

^{*6} Also assuming up to 10% of the total number issued shares is purchased from shareholders other than the substantial shareholders of Pelangi and all such shares purchased are cancelled

7.2 *Maximum Scenario*

Assuming all the existing 3,445,500 treasury shares are resold in the open market at their respective acquisition prices and full exercise of the ESOS Options granted prior to the implementation of the Proposal of Share Buy-Back

Directors

Directors	Shareholdings as at the LPD				The Proposed Share Buy-Back Authority			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
Datuk Sum Kown Cheek	27,914,755	28.90	3,437,465* ¹	3.56	29,414,755	28.41	3,437,465* ¹	3.32
Vincent Wong Soon Choy	-	-	-	-	750,000	0.72	-	-
Syahriza binti Senan	13,750	0.01	-	-	763,750	0.74	-	-
Sum Lih Kang	-	-	-	-	500,000	0.48	-	-
Koh Siew Shern	-	-	-	-	-	-	-	-
Datin Dr Norrizan Binti Razali	-	-	-	-	-	-	-	-
Wong Tuck Cheong	-	-	-	-	-	-	-	-

Substantial shareholders

Substantial shareholders	Shareholdings as at the LPD				The Proposed Share Buy-Back Authority			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Sum Kown Cheek	27,914,755	28.90	3,437,465* ¹	3.56	29,414,755	28.41	3,437,465* ¹	3.32
Datin Lai Swee Chiung	3,437,465	3.56	27,914,755* ¹	28.90	3,437,465	3.32	29,414,755* ¹	28.41
United Logistics Sdn Bhd	5,500,000	5.69	-	-	5,500,000	5.31	-	-

Substantial shareholders	Shareholdings as at the LPD			The Proposed Share Buy-Back Authority				
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Sam Yuen @ Sam Chin Yan	-	-	6,182,500 ^{*2}	6.40	750,000	0.72	6,182,500 ^{*2}	5.97
Yeoman 3-Rights Value Asia Fund	-	-	7,000,000 ^{*3}	7.25	-	-	7,000,000 ^{*3}	6.76
Yeoman Capital Management Pte Ltd	224,750	0.23	7,250,000 ^{*4}	7.51	224,750	0.22	7,250,000 ^{*4}	7.00
Yeo Seng Chong	625,000	0.65	7,474,750 ^{*5}	7.74	625,000	0.60	7,474,750 ^{*5}	7.22
Lim Mee Hwa	-	-	8,099,750 ^{*5}	8.39	-	-	8,099,750 ^{*5}	7.82

Notes:-

^{*1} Deemed interest by virtue of the interest of spouse

^{*2} Deemed interest pursuant to Section 8 of the Companies Act, 2016 and spouse.

^{*3} Deemed interest by virtue of its indirect interest in DB (Malaysia) Nominee (Asing) Sdn Bhd

^{*4} Deemed interest by virtue of its role as investment manager for its clients including Yeoman 3-Rights Value Asia Fund.

^{*5} Deemed interest by virtue of her/his indirect interest in Yeoman Capital Management Pte Ltd

^{*6} Assuming all the existing 3,445,500 treasury shares are resold in the open market at their respective acquisition prices prior to the implementation of the Proposals

^{*7} For illustration purposes only, assuming 1,500,000 ESOS Options and 750,000 ESOS Options are granted to Datuk Sum Kown Cheek and Datuk Sam Yuen @ Sam Chin Yan, respectively, as the allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the total number of issued shares of PPG (excluding treasury shares), must not exceed 10% of the total number of ESOS Shares

^{*7} Assuming up to 10% of the total number of issued shares is purchased from shareholders other than the substantial shareholders of Pelangi and all such shares purchased are cancelled

8.0 PUBLIC SHAREHOLDING SPREAD

The public shareholding spread of the Company as at 24 December 2019 is approximately 52.90% held by 1,423 public shareholders, each holding not less than 100 shares each. In implementing the Proposed Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

9.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the Proposed Share Buy-Back Authority as set out in Section 5 above, none of the Directors, substantial shareholders of PPG and/or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back Authority or resale of the Treasury Shares, if any in the future.

10.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back Authority is of the opinion that the Proposed Share Buy-Back Authority is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Existing Share Buy-Back Authority to be tabled at the forthcoming AGM.

11.0 FURTHER INFORMATION

Shareholders are advised to refer to Notes 27 – page 156 of the Audited Financial Statements for the financial year ended 30 September 2019 in the Annual Report 2019 for additional information on the purchases made by the Company of its own shares in the last financial year.

APPENDIX I

FURTHER INFORMATION

1.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

2.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal office hours on any weekday (except public holiday) at the Registered Office of the Company at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim from the date of this Circular up to and including the date of the AGM: -

- (i) Constitution of PPG;
- (ii) The Audited Financial Statements of PPG for the past two (2) financial years ended 30 September 2018 and 2019; and
- (iii) The unaudited consolidated results of PPG for the three (3) months ended 31 December 2019.