

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) did not peruse the contents of this Circular/Statement prior to its issuance as it is an exempted document pursuant to Practice Note 18 of Bursa Malaysia Securities Main Market Listing Requirements (“**Main LR**”).

Bursa Malaysia Securities takes no responsibility for the contents of this Circular/Statement, 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/Statement.



PCCS GROUP BERHAD

[Registration No. 199301026191 (280929-K)]
(Incorporated in Malaysia)

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**

PART B

**SHARE BUY-BACK STATEMENT
IN RELATION TO THE
PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES
IN THE COMPANY**

(COLLECTIVELY KNOWN AS “THE PROPOSALS”)

The Proposals will be tabled as Special Business at PCCS Group Berhad’s Twenty-Seventh Annual General Meeting (“**27th AGM**”) to be held on a fully virtual basis via remote participation and voting through online meeting platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> provided by SS E Solutions Sdn. Bhd. on Wednesday, 22 September 2021 at 10:00 a.m. The Notice of the 27th AGM together with the Form of Proxy are set out in the Annual Report of PCCS Group Berhad for the financial year ended 31 March 2021.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 27th AGM. The proxy appointment may also be submitted electronically via Securities Services e-Portal at <https://sshbsb.net.my/>. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 27th AGM should you subsequently wish to do so.

Should you wish to personally participate at the meeting remotely, please register electronically via Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide for further details. The Administrative Guide is available for download at http://www.pccsgroup.net/Investment_605.html.

Last date and time for lodging the Form of Proxy : Monday, 20 September 2021 at 10:00 a.m.
Date and time of the AGM : Wednesday, 22 September 2021 at 10:00 a.m.

This Circular is dated 24 August 2021

PART A

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

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:-

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of PCCS
“Bursa Malaysia Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Director(s)”	:	Director(s) of PCCS and shall have the meaning given in Section 2(1) of the Capital Markets and Securities Act 2007 and for the purpose of the Proposed Renewal of Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or a chief executive of the Company, its subsidiary or holding company
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended / ending 31 March, as the case may be
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Malaysia Securities, as amended from time to time
“LPD”	:	Latest Practicable Date, being the latest practicable date prior to printing of this Circular/Statement, i.e., 30 July 2021
“Major Shareholder(s)”	:	Means a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act and for the purpose of the Proposed Renewal of Shareholders’ Mandate includes any person who is or was within the preceding six (6) months from the date on which the terms of the RRPT were agreed upon, a Major Shareholder of the Company, its subsidiary or holding company.
“NA”	:	Net assets
“PCCS” or “Company”	:	PCCS Group Berhad [Registration No. 199301026191 (280929-K)]
“PCCS Group” or “Group”	:	PCCS and its subsidiaries
“PCCS Share(s)” or “Share(s)”	:	Ordinary share(s) in PCCS

DEFINITIONS

"Person Connected"	:	in relation to any person (referred to as "said Person") means such person who falls under any one of the following categories: - (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person.
"Proposed Renewal of Shareholders' Mandate"	of	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature
"Recurrent Related Transaction(s)" or "RRPT"	Party	: Related party transaction which is recurrent, of a revenue or trading nature which is necessary for the Group's day-to-day operations and is entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
"Related Party(ies)"	:	A Director, a Major Shareholder or a Person Connected with such Director or Major Shareholder
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Shareholders' Mandate"	:	Shareholders' mandate obtained on 24 August 2020 for PCCS Group to enter into RRPTs based on the terms set out in the circular to shareholders dated 24 July 2020
"2021 Annual Report"	:	Annual Report of PCCS issued for the FYE 31 March 2021

All references to "you" in this Circular are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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PCCS GROUP BERHAD

[Registration No. 199301026191 (280929-K)]
(Incorporated in Malaysia)

Registered Office:-

Lot 1376, GM 127,
Mukim Simpang Kanan,
Jalan Kluang,
83000 Batu Pahat,
Johor Darul Takzim

24 August 2021

Directors

Chan Choo Sing (*Group Executive Chairman*)
Chan Wee Kiang (*Group Managing Director*)
Chan Wee Boon (*Executive Director*)
Chan Chow Tek (*Non-Independent Non-Executive Director*)
Dato' Chan Chor Ngiak (*Non-Independent Non-Executive Director*)
Chan Chor Ang (*Non-Independent Non-Executive Director*)
Julian Lim Wee Liang (*Senior Independent Non-Executive Director*)
Piong Yew Peng (*Independent Non-Executive Director*)
Joyce Wong Ai May (*Independent Non-Executive Director*)

To: The Shareholders of PCCS

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

1.0 INTRODUCTION

On 30 July 2021, the Board had announced to Bursa Malaysia Securities that the Company proposed to seek shareholders' approval on the Proposed Renewal of Shareholders' Mandate at the forthcoming Twenty-Seventh ("**27th**") AGM.

The purpose of this Circular is to provide you with relevant information in relation to the Proposed Renewal of Shareholders' Mandate and to seek the shareholders' approval on the ordinary resolution to be tabled at the forthcoming 27th AGM.

The Company advise you to read and carefully consider the contents of this Circular before voting on the ordinary resolution in relation to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 27th AGM.

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2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Introduction

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek a mandate from its shareholders for RRPT subject to the following: -

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to 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 Listing Requirements;
- (iii) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Malaysia Securities. The draft circular must be submitted to Bursa Malaysia Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (v) the Company immediately announces to Bursa Malaysia Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia Securities in its announcement.

The Proposed Renewal of Shareholders' Mandate is subject to annual renewal. The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 27th AGM and shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date 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
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

PCCS is seeking approval from the shareholders for the Proposed Renewal of Shareholders' Mandate which will allow the Group, in their normal course of business, to enter into the RRPTs referred to in the ensuing sections provided that such transactions, are made at arms' length basis and based on the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.

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2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.2 Principal Activities of PCCS Group

The principal activities of PCCS are investment holding whilst the subsidiaries of PCCS are as follows:

	Name	Effective equity interest (%)	Principal activities
Subsidiaries of the Company			
1.	Beauty Apparels (Cambodia) Ltd.	100%	Temporarily ceased operations
2.	Beauty Electronic Embroidering Centre Sdn. Bhd.	100%	Temporarily ceased operations
3.	JIT Textiles Limited	100%	Manufacturing of apparels and providing sub-contracting services
4.	Keza Sdn. Bhd.	100%	Investment holding
5.	La Prima Medicare Pte. Ltd.	70%	Wholesale of medical, professional, scientific and precision equipment
6.	La Prima Medtech Sdn. Bhd.	100%	Research and development, manufacturing, import and export of medical and healthcare product
7.	Mega Label (Malaysia) Sdn. Bhd.	100%	Printing and sale of labels and stickers
8.	Mega Labels & Stickers Sdn. Bhd.	100%	Temporarily ceased operations
9.	PCCS Garments Limited	100%	Temporarily ceased operations
10.	PCCS Garments (Suzhou) Ltd.	100%	Manufacturing and sale of apparels
11.	PCCS (Hong Kong) Limited	100%	Provision of agency and handling services and manufacturing and trading of garments
12.	Perfect Seamless Garments (Cambodia) Limited	100%	Manufacturing of seamless bond and silk screen products
13.	Thirty Three (Hong Kong) Limited	100%	Investment holding
14.	Thirty Three Trading Sdn. Bhd.	100%	Temporarily ceased operations
15.	Southern Auto Capital Sdn. Bhd.	80%	Leasing, hire purchase and insurance business for all kinds of motor vehicles and machineries
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.			
16.	JIT Embroidery Limited	100%	Temporarily ceased operations
Subsidiaries of Keza Sdn. Bhd.			
17.	Keza (Cambodia) Limited	100%	Temporarily ceased operations
18.	Wan He Da Manufacturing Company Limited	100%	Manufacturing of apparels
Subsidiary of Mega Labels & Stickers Sdn. Bhd.			
19.	Mega Labels & Stickers (Cambodia) Co., Ltd	100%	Printing and sale of labels and stickers and manufacturing of elastic bands and related products

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.2 Principal Activities of PCCS Group (Cont'd)

Subsidiary of PCCS Garments (Suzhou) Ltd.			
20.	PCCS Garments (Shandong) Ltd.	51%	Manufacturing and sale of apparels
Subsidiary of PCCS (Hong Kong) Limited			
21.	Ample Apparels Limited	60%	Temporarily ceased operations
Subsidiary of Thirty Three (Hong Kong) Limited			
22.	Thirty Three (Shanghai) Limited	100%	Trading of brand apparels and provide design service
Subsidiary of Thirty Three Trading Sdn. Bhd.			
23.	Beauty Silk Screen (M) Sdn. Bhd.	100%	Temporarily ceased operations
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.			
24.	Beauty Silk Screen Limited	100%	Embroidering of logos, emblems and printing of silk screen products
Subsidiary of Mega Label (Malaysia) Sdn. Bhd.			
25.	Mega Label (Penang) Sdn. Bhd.	51%	Printing and sale of labels and stickers

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2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.3 Classes of Related Parties

The Related Parties in which the Proposed Renewal of Shareholders' Mandate is applicable are as follows: -

Name	Principal activities	Relationship
Wang WenJun Nationality: People's Republic of China	-	<ul style="list-style-type: none">• Director of PCCS Garments (Shandong) Ltd, a sub-subsiidiary of the Company• Shareholder of PCCS Garments (Shandong) Ltd by virtue of his 24.5% equity interest in PCCS Garments (Shandong) Ltd• Legal Representative and Managing Director cum General Manager of Shandong C&C Garment Co., Ltd• Shareholder of Shandong C&C Garment Co., Ltd by virtue of his 50% equity interest in Shandong C&C Garment Co., Ltd
Shi XiaoQun Nationality: People's Republic of China	-	<ul style="list-style-type: none">• Deputy Managing Director and General Manager (executive role) of PCCS Garments (Shandong) Ltd, a sub-subsiidiary of the Company• Shareholder of PCCS Garments (Shandong) Ltd by virtue of his 24.5% equity interest in PCCS Garments (Shandong) Ltd• Deputy General Manager of Shandong C&C Garment Co., Ltd• Shareholder of Shandong C&C Garment Co., Ltd by virtue of his 50% equity interest in Shandong C&C Garment Co., Ltd
Shandong C&C Garment Co., Ltd	Manufacturing and sale of apparels	<ul style="list-style-type: none">• Wang WenJun is the Legal Representative, Managing Director cum General Manager and Shareholder of Shandong C&C Garment Co., Ltd by virtue of his 50% equity interest in Shandong C&C Garment Co., Ltd• Shi XiaoQun is the Deputy General Manager and Shareholder of Shandong C&C Garment Co., Ltd by virtue of his 50% equity interest in Shandong C&C Garment Co., Ltd

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2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.4 Nature of RRPTs

The details of the RRPTs under the Proposed Renewal of Shareholders' Mandate: -

No.	Nature of Recurrent Transactions	Name of Company	Related Parties	Interested Directors and/or interested Major Shareholders	Estimated Value as disclosed in the Circular to Shareholders dated 24 July 2020 (RM'000)	Actual Value of transacted since last AGM up to the LPD (RM'000)	Estimated aggregate value of transactions from the date of the 27 th AGM up to the date of next AGM ⁽¹⁾ (RM'000)
1.	Manufacturing of apparels for Related Parties	PCCS Garments (Shandong) Ltd	Shandong C&C Garment Co., Ltd	<ul style="list-style-type: none">Wang WenJunShi XiaoQun	5,856	11,439	20,000
2.	Sub-contracting services from Related Parties in relation to manufacturing of apparels	PCCS Garments (Shandong) Ltd	Shandong C&C Garment Co., Ltd	<ul style="list-style-type: none">Wang WenJunShi XiaoQun	4,392	-	6,500

Note: -

(1) The estimated values as set out above are based on the historical data and management estimates of the value of transactions to be undertaken for the period from the forthcoming 27th AGM to the next AGM. However, the value of transactions may be subject to changes.

Save as disclosed above, there were no other persons deemed connected to the interested Directors and Major Shareholders.

2.5 Reasons for deviation between actual value and estimated value

The reason for the deviation between the actual value of RRPT transacted with Shandong C&C Garment Co., Ltd from estimated value disclosed in the Circular to Shareholders dated 24 July 2020 by 95.34% was due to the fact that new buyers have just been legalised registered in the supplier system and are beginning to place orders, which is expected to be activated in full in the second quarter of the financial year ending 31 March 2022.

2.6 Outstanding Recurrent Transaction Receivables

There was no amount due and owing to the Group by its Related Parties which exceeded the credit term pursuant to the RRPT. As such, the disclosure as required under Paragraphs 16A and 16B in the Annexure PN12-A of the Listing Requirements, are not applicable.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.7 Review and disclosure procedures on the RRPTs and thresholds of authority

The PCCS Group has established various procedures to ensure that RRPTs are undertaken at arm's length basis and on normal commercial terms which are consistent with the PCCS Group's normal business practices and policies, on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The review and disclosure procedures with regard to the RRPTs are as follows:-

- (a) The PCCS Group will be notified of the Related Parties and will be required prior to entering into such transactions to ensure that all the RRPTs are consistent with the PCCS Group's normal business practices and policies which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) The Board and/or the Audit Committee shall review the internal audit reports which are normally conducted at least once a year to ascertain that the guidelines and procedures established to monitor RRPTs have been complied with;
- (c) Records will be maintained by the PCCS Group to capture all RRPTs which are entered into pursuant to the shareholders' mandate;
- (d) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures including addition of new review procedures where applicable. The Board and the Audit Committee may also appoint individuals and committees within the PCCS Group to examine the RRPTs as they deem appropriate. If a member of the Board or the Audit Committee has an interest, he will abstain from any deliberation and decision-making by the Board and/or the Audit Committee in respect of the said transaction; and
- (e) Disclosure will be made in the Annual Report of the aggregate value of RRPTs conducted pursuant to the shareholders' mandate during the financial year.

As for the thresholds authority, the PCCS Group has in placed internal charts of authority governing all business transactions. Since the RRPTs are conducted in the ordinary course of business, these are also covered under the charts of authority as there is no specific formal document in respect of thresholds authority for RRPTs.

Where practical and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison for determining the price and terms offered to/by the Related Parties are fair and reasonable as compared with those offered to/by unrelated third parties. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on those offered to/by other unrelated parties for substantially similar types of transactions to ensure that the RRPTs are not detrimental to the PCCS Group.

2.8 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.7 above and is of the view that the review procedures for RRPTs are sufficient to ensure that the RRPTs will be entered into at arm's length and in accordance with the Group's normal commercial terms, and on terms which are not more favourable to the Related Parties than those generally available to the public, and hence, will not be detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

The Audit Committee is satisfied that the Group has in placed adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the review of these procedures and processes are conducted on an annual basis or whenever the need arises.

3.0 RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The rationale for and benefits of the Proposed Renewal of Shareholders' Mandate to the PCCS Group are as follows: -

- (a) The Proposed Renewal of Shareholders' Mandate will facilitate transactions with the Related Parties which are carried out in the ordinary course of business of the PCCS Group and are mainly for the support of the Group in its day-to-day operations. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and which may arise at any time and from time to time;
- (b) The Proposed Renewal of Shareholders' Mandate are made on an arm's length basis and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and not in the Company's opinion detrimental to the minority shareholders;
- (c) The Proposed Renewal of Shareholders' Mandate will enhance the PCCS Group's ability to pursue business opportunities which may be time sensitive, frequent nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such transactions;
- (d) The sale to the Related Parties benefits PCCS Group as they contribute to the PCCS Group's revenue and profitability;
- (e) The purchase from Related Parties benefits PCCS Group as it allows the Group to be more competitive in terms of product pricing and response time in the manufacturing of apparels and creates an extensive network of manufacturing operations for the Group. These will help to increase availability and fulfil customer demands, reduce inventory lead time and better utilisation of resources; and
- (f) The Proposed Renewal of Shareholders' Mandate will eliminate the need to make regular announcements or convene separate general meetings from time to time to seek shareholders' mandate approval, thereby reducing the administrative time and cost in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the PCCS Group.

4.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH DIRECTOR/MAJOR SHAREHOLDER

The interested Directors in the Proposed Renewal of Shareholders' Mandate are Wang WenJun and Shi XiaoQun.

Wang WenJun and Shi XiaoQun being the interested Directors in the RRPTs has abstained and will continue to abstain from Board deliberations and voting on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate. Wang WenJun and Shi XiaoQun will abstain from voting on the Proposed Renewal of Shareholders' Mandate at the forthcoming 27th AGM.

The interested Directors has undertaken to ensure that persons connected to them will abstain from voting in respect of their shareholdings on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming 27th AGM.

Wang WenJun and Shi XiaoQun do not hold any shares in PCCS as at the LPD prior to the printing of this Circular.

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

5.0 EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate does not have any effect on the Issued Share Capital, NA, EPS, gearing and substantial shareholders' shareholdings of the Company and/or the Group.

6.0 APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of PCCS at the forthcoming 27th AGM.

7.0 DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 27th AGM.

8.0 THE 27TH AGM

The ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate is set out as special business in the notice of 27th AGM contained in the 2021 Annual Report of the Company, which is sent to you together with this Circular. The 27th AGM of PCCS will be held on a fully virtual basis via remote participation and voting through online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. on Wednesday, 22 September 2021 at 10:00 a.m.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 27th AGM. The proxy appointment may also be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 27th AGM should you subsequently wish to do so.

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9.0 FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors of
PCCS GROUP BERHAD

CHAN CHOO SING
Group Executive Chairman

PART B

**PROPOSED SHARE BUY-BACK OF UP TO 10% OF
THE TOTAL NUMBER OF ISSUED SHARES IN THE
COMPANY**

DEFINITIONS

In this Statement and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:-

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“Bursa Malaysia Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Director(s)”	:	Director(s) of PCCS and shall have the meaning given in Section 2(1) of the Capital Markets and Securities Act 2007
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
“EPS”	:	Earnings per Share
“ESOS”	:	Options granted pursuant to the Employees' Share Option Scheme of the Company, implemented with effect from 16 December 2019
“FYE”	:	Financial year ended / ending 31 March, as the case may be
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Malaysia Securities, as amended from time to time
“LPD”	:	Latest Practicable Date, being the latest practicable date prior to printing of this Circular/Statement, i.e., 30 July 2021
“Major Shareholder(s)”	:	Means a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (c) 10% or more of the total number of voting shares in the Company; or (d) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act
“NA”	:	Net assets
“PCCS” or “Company”	:	PCCS Group Berhad [Registration No. 199301026191 (280929-K)]
“PCCS Group” or “Group”	:	PCCS and its subsidiaries
“PCCS Share(s)” or “Share(s)”	:	Ordinary share(s) in PCCS

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DEFINITIONS (cont'd)

"Person Connected"	: in relation to any person (referred to as "said Person") means such person who falls under any one of the following categories: - <ul style="list-style-type: none">(a) a family member of the said Person;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person.
"Proposed Share Buy-Back Authority" or "Proposed Share Buy-Back"	: Proposed authority for PCCS to purchase and/or hold up to 10% of its total number of issued Shares pursuant to Section 127 of the Act
"Purchased Shares"	: Shares purchased pursuant to the Proposed Share Buy-Back Authority
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Substantial Shareholder(s)"	: Shall have the meaning given in Section 136 of the Act
"Treasury Shares"	: Shares purchased retained in treasury
"Warrants"	: 90,017,957 outstanding warrants in the Company as at the LPD, which are exercisable into 90,017,957 new PCCS Shares and will expire on 25 December 2022
"2021 Annual Report"	: Annual Report of PCCS issued for the FYE 31 March 2021

All references to "you" in this Statement are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Statement between the amounts listed, actual figures and the totals thereof are due to rounding.

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STATEMENT IN RELATION TO PROPOSED SHARE BUY-BACK AUTHORITY

1.0 INTRODUCTION

On 20 August 2021, the Board had announced to Bursa Malaysia Securities that the Company proposed to seek shareholders' approval on the Proposed Share Buy-Back Authority at the forthcoming Twenty-Seventh ("27th") AGM.

The purpose of this Statement is to provide you with relevant information in relation to the Proposed Share Buy-Back Authority and to seek the shareholders' approval on the ordinary resolution to be tabled at the forthcoming 27th AGM.

The Company advise you to read and carefully consider the contents of this Statement before voting on the ordinary resolution in relation to the Proposed Share Buy-Back Authority to be tabled at the forthcoming 27th AGM.

2.0 PROPOSED SHARE BUY-BACK AUTHORITY

2.1 Details of the Proposed Share Buy-Back Authority

The Board proposes to seek the approval of the shareholders of the Company for the Proposed Share Buy-Back Authority to purchase or hold from time to time and at any time up to ten per centum (10%) of the total number of Issued Shares. In compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, PCCS is allowed to purchase its own shares on Bursa Malaysia Securities.

The authority from shareholders, if granted, shall be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back Authority until: -

- (a) the conclusion of the next AGM of the Company following the general meeting, at which such resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first ("**Proposed Authorised Period**").

2.2 Quantum

The maximum aggregate number of Shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point of time.

As at LPD, the total number of Shares issued by the Company is 213,959,407 Shares.

Based on the minimum scenario, the Company may purchase and/or hold up to 21,395,940 PCCS Shares, representing not more than ten per centum (10%) of the existing total number of issued Shares of PCCS of 213,959,407 Shares as at the LPD, assuming none of the outstanding ESOS and Warrants are exercised into new Shares.

2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.2 Quantum (cont'd)

Based on the following assumptions (collectively known as “**Maximum Scenario**”), a maximum of 30,938,186 PCCS Shares may be purchased and/or held, representing ten per centum (10%) of the enlarged total number of issued Shares of PCCS: -

- (i) assuming full exercise of the 90,017,957 outstanding Warrants as at the LPD into 90,017,957 new PCCS Shares; and
- (ii) assuming full exercise of the 5,404,500 outstanding ESOS into 5,404,500 new PCCS Shares.

The actual number of Shares to be purchased by PCCS pursuant to the Proposed Share Buy-Back Authority, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the share market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

2.3 Sources of funds

The Proposed Share Buy-Back Authority will allow the Board to exercise the power of the Company to purchase and/or hold its own shares at any time within the Proposed Authorised Period using the internally generated funds of the Company and/or external borrowings or combination of both. The Board will ensure that no material impact on the cash flow position of PCCS if funded through internally generated funds. The Board will also ensure PCCS has sufficient funds to repay the external borrowings and interest expense and that the repayment will not have a material effect on the cash flow of the Company.

In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of Proposed Share Buy-Back Authority. The amount of the funds to be utilised would only be determined later depending on the actual number of Shares to be purchased, the availability of funds at the time of purchase(s), the market conditions and sentiments of the share market.

In compliance with Paragraph 12.10(1) of the Listing Requirements, the maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the retained profits of PCCS based on the latest audited and unaudited financial statements. Based on the latest audited financial statements of PCCS for the FYE 2021, the accumulated losses were RM5,414,816.00.

2.4 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the PCCS Shares for the five (5) market days immediately before the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Shares held as Treasury Shares on Bursa Malaysia Securities or transfer the Purchased Shares held as Treasury Shares pursuant to Section 127(7) of the Act at: -

- (a) a price which is not less than the weighted average market price of the PCCS Shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the PCCS Shares for the five (5) market days immediately before the resale or transfer provided that: -
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the PCCS Shares being resold or transferred.

2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.5 Public shareholding spread

As at LPD, the public shareholding spread of the Company was 34.13%.

The Company will not undertake any share buy-back if that will result in the Company being in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total number of listed shares (excluding Treasury Shares) or such lower percentage of shareholding spread as may be allowed by Bursa Malaysia Securities in the hands of public shareholders.

2.6 Treatment of Purchased Shares

Section 127(4) of the Act allows the Company to cancel the Purchased Shares, to retain the Purchased Shares as Treasury Shares or a combination of both. Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

The treatment of the Purchased Shares to be held as Treasury Shares are as follows: -

- (a) distribute the Purchased Shares as share dividends to shareholders;
- (b) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Malaysia Securities;
- (c) transfer the Purchased Shares, or any of the Purchased Shares for the purposes of or under an employees' share scheme or such other purpose as allowed under the Act;
- (d) transfer the Purchased Shares, or any of the Purchased Shares as purchase consideration; or
- (e) sell, transfer or otherwise use the Purchased Shares for such other purposes as allowed under the Act.

If such Purchased Shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distributions and otherwise are suspended. In addition, the Treasury Shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purpose including, without limiting the generality of the provisions in the Act or the Listing Requirements on substantial and major shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at a meeting of the shareholders.

2.7 Rationale for the Proposed Renewal of Share Buy-Back Authority

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders in the following manners: -

- (a) It will provide the Company the option to return its surplus financial resources to its shareholders.
- (b) The Company is expected to stabilise the supply and demand of the Shares in the open market and thereby supporting its fundamental values.
- (c) If the Purchased Shares are cancelled, it would enhance the EPS of the Company and thereby, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.
- (d) As permitted under Section 127(4) of the Act, the Shares bought back may be held as Treasury Shares and resold on Bursa Malaysia Securities with potential gain without affecting the total number of issued Shares. Alternatively, the Shares so purchased can be distributed as share dividends to reward the shareholders of the Company, or be utilised as purchase consideration by the Company in corporate transactions such as acquisition of lands/properties/assets, thereby, reducing the financial outflow and/or preserve the working capital of the Company.

2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.8 Potential advantages and disadvantages of the Proposed Share Buy-Back

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

- (a) allows the Company to take preventive measures against speculation particularly when its Shares are undervalued, which would in turn, stabilise the market price of the PCCS Shares and hence, enhance investor's confidence;
- (b) it will reduce the effects of the volatile fluctuation of the prices of Shares in the share market as well as to protect investors' confidence in PCCS;
- (c) allows the Company flexibility in attaining its desired capital structure, in terms of debt and equity composition and size of equity;
- (d) if the Purchased Shares which are retained as Treasury Shares are resold at a higher price, it will provide PCCS with opportunities for potential gains; and
- (e) if the Treasury Shares are distributed as share dividends by PCCS, it may then serve to reward the shareholders of PCCS.

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

- (a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
- (b) as the Proposed Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

2.9 Effects of the Proposed Share Buy-Back

The effects of the Proposed Share Buy-Back on the issued share capital of the Company, NA and working capital, earnings and EPS of the Group, dividends, convertible securities of the Company and substantial shareholders' shareholdings are based on the Minimum Scenario and Maximum Scenario as illustrated below: -

2.9.1 Issued Share capital

The effect of the Proposed Share Buy-Back on the issued share capital of PCCS will depend on whether the Purchased Shares purchased are cancelled or retained as Treasury Shares.

In the event that all the PCCS Shares purchased are to be cancelled, the effect of the Proposed Share Buy-Back on the total number of issued Shares would be as follows: -

	Minimum Scenario No. of shares	Maximum Scenario No. of shares
Total number of issued Shares as at LPD	213,959,407	213,959,407
Assuming full exercise of Warrants	-	90,017,957
	213,959,407	303,977,364
Assuming full exercise of ESOS	-	5,404,500
	213,959,407	309,381,864
Assuming the Proposed Share Buy-Back is implemented in full (i.e., up to 10%)	(21,395,940)	(30,938,186)
Total number of issued Shares after cancellation of Purchased Shares	192,563,467	278,443,678

2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.9 Effects of the Proposed Share Buy-Back (cont'd)

2.9.1 Issued Share capital (cont'd)

However, the Proposed Share Buy-Back would have no effect on the total number of Issued Shares of PCCS assuming all Purchased Shares are to be retained as Treasury Shares, resold or distributed as share dividends to shareholders but the rights attaching to the Treasury Shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended.

2.9.2 NA per Share and working capital

The effect of the Proposed Share Buy-Back on the NA of the Group will depend on the actual number of PCCS Shares purchased, the prices paid for such PCCS Shares, the effective funding cost to the Group to finance the purchase of such PCCS Shares, if any, or any loss in interest income to the Company, and whether the Purchased Shares are cancelled or retained as Treasury Shares.

In the event that all Purchased Shares are retained as Treasury Shares, the NA of the Group would decrease by the purchase cost of the Treasury Shares because the Treasury Shares are required to be carried at cost and be offset against equity. If the Treasury Shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the NA of the Group.

The Purchased Shares that are retained as Treasury Shares and/or cancelled and/or distributed as share dividends will reduce the NA per Share if the purchase price exceeds the NA per Share, and vice versa. If the Treasury Shares are resold on Bursa Malaysia Securities, the NA of the Group would increase if the Company realised a gain from the resale, and vice versa.

The Proposed Share Buy-Back will reduce funds available for working capital of the Company and the Group, the quantum of which will depend on, amongst others, the number of PCCS Shares purchased, the purchase price(s) of PCCS Shares and any costs incurred in making the purchase.

2.9.3 Earnings and EPS

Depending on the number of PCCS Shares purchased, the prices paid for such PCCS Shares, the effective funding cost to finance the purchase of such PCCS Shares, or any loss in interest income to the Company or opportunity cost in relation to other investment opportunities, the Proposed Share Buy-Back may increase or reduce the EPS of the Group.

Assuming that PCCS Shares so purchased 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 or the interest savings arising from the exercise. If the PCCS Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the Group provided the income forgone and interest expense incurred on the PCCS Shares purchased are less than the EPS before the share purchase.

2.9.4 Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued share capital of the Company.

The Proposed Share Buy-Back may have an adverse impact on the Company's dividend, if any, as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the Purchased Shares may be distributed as dividends to shareholders of the Company, if the Company so decides.

2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.10 Directors' and Substantial Shareholders' shareholdings

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD, assuming that the Proposed Share Buy-Back Authority is implemented in full and that the Purchased Shares are from shareholders other than the Directors and substantial shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the existing Directors and substantial shareholders of PCCS are set out as below: -

Minimum Scenario

	As at LPD				After Proposed Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Substantial shareholders</u>								
CCS Capital Sdn. Bhd.	88,048,028	41.15	-	-	88,048,028	45.72	-	-
Chan Choo Sing	8,376,102	3.91	89,670,128 ⁽¹⁾	41.91	8,376,102	4.35	89,670,128 ⁽¹⁾	46.57
Tan Kwee Kee	1,622,100	0.76	96,424,130 ⁽²⁾	45.07	1,622,100	0.84	96,424,130 ⁽²⁾	50.07
Chan Wee Kiang	2,211,964	1.03	88,048,028 ⁽³⁾	41.15	2,211,964	1.15	88,048,028 ⁽³⁾	45.72
Federlite Holdings Sdn. Bhd.	17,832,700	8.33	-	-	17,832,700	9.26	-	-
Soh Chak Boo	702,500	0.33	17,832,700 ⁽⁴⁾	8.33	702,500	0.36	17,832,700 ⁽⁴⁾	9.26
Mok Puay Kang	300,000	0.14	17,832,700 ⁽⁴⁾	8.33	300,000	0.16	17,832,700 ⁽⁴⁾	9.26
<u>Directors</u>								
Chan Wee Boon	100,000	0.05	-	-	100,000	0.05	-	-
Chan Chow Tek	9,456,142	4.42	-	-	9,456,142	4.91	-	-
Dato' Chan Chor Ngiak	4,847,960	2.27	4,665 ⁽⁵⁾	neg	4,847,960	2.52	4,665 ⁽⁵⁾	0.00
Chan Chor Ang	4,407,969	2.06	100,000 ⁽⁶⁾	0.05	4,407,969	2.29	100,000 ⁽⁶⁾	0.05
Julian Lim Wee Liang	-	-	-	-	-	-	-	-
Piong Yew Peng	50,000	0.02	-	-	50,000	0.03	-	-
Joyce Wong Ai May	-	-	-	-	-	-	-	-

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2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.10 Directors' and Substantial Shareholders' shareholdings (cont'd)

Maximum Scenario

	As at LPD				After Proposed Share Buy-Back#			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Substantial shareholders</u>								
CCS Capital Sdn. Bhd.	88,048,028	41.15	-	-	92,755,930	33.31	-	-
Chan Choo Sing	8,376,102	3.91	89,670,128 ⁽¹⁾	41.91	8,586,102	3.08	94,558,030 ⁽¹⁾	33.96
Tan Kwee Kee	1,622,100	0.76	96,424,130 ⁽²⁾	45.07	1,802,100	0.65	101,342,032 ⁽²⁾	36.40
Chan Wee Kiang	2,211,964	1.03	88,048,028 ⁽³⁾	41.15	2,421,964	0.87	92,755,930 ⁽³⁾	33.31
Federlite Holdings Sdn. Bhd.	17,832,700	8.33	-	-	17,832,700	6.40	-	-
Soh Chak Boo	702,500	0.33	17,832,700 ⁽⁴⁾	8.33	702,500	0.25	17,832,700 ⁽⁴⁾	6.40
Mok Puay Kang	300,000	0.14	17,832,700 ⁽⁴⁾	8.33	300,000	0.11	17,832,700 ⁽⁴⁾	6.40
<u>Directors</u>								
Chan Wee Boon	100,000	0.05	-	-	310,000	0.11	-	-
Chan Chow Tek	9,456,142	4.42	-	-	9,596,142	3.45	-	-
Dato' Chan Chor Ngiak	4,847,960	2.27	4,665 ⁽⁵⁾	neg	5,038,360	1.81	6,664 ⁽⁵⁾	neg
Chan Chor Ang	4,407,969	2.06	100,000 ⁽⁶⁾	0.05	4,547,969	1.63	100,000 ⁽⁶⁾	0.04
Julian Lim Wee Liang	-	-	-	-	190,000	0.07	-	-
Piong Yew Peng	50,000	0.02	-	-	190,000	0.07	-	-
Joyce Wong Ai May	-	-	-	-	-	-	-	-

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2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.10 Directors' and Substantial Shareholders' shareholdings (cont'd)

Notes:-

- * Assuming that 21,395,940 Shares, being the maximum number of Shares representing up to ten per centum (10%) of the total number of issued Shares, are bought back by the Company
- # Assuming that the ESOS are fully exercised at the point in time during the existence of the ESOS and all outstanding Warrants are exercised and that 30,938,186 Shares being the maximum number of Shares representing up to ten per centum (10%) of the enlarged total number of issued Shares, are bought back by the Company
- (1) Deemed interested by virtue of his spouse, Madam Tan Kwee Kee's shareholding in the Company and his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.
- (2) Deemed interested by virtue of her spouse, Mr. Chan Choo Sing's shareholding in the Company and her direct interest of 20% in the equity of CCS Capital Sdn. Bhd.
- (3) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.
- (4) Deemed interested by virtue of the shares held by him/her in Federlite Holdings Sdn. Bhd.
- (5) Deemed interested by virtue of his spouse, Datin Mok Gwa Nang's shareholding in the Company.
- (6) Deemed interested by virtue of his spouse, Madam Chia Lee Kean's shareholding in the Company.

2.11 Implication of the Code

Under the Code, a Director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining Shares not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months' period.

It is the intention of PCCS to implement the Proposed Share Buy-Back Authority in a manner that will not result in any of the shareholders of PCCS having to undertake a mandatory offer pursuant to the Code

2.12 Purchases, resales, transfers or cancellation of Treasury Shares made in the preceding twelve (12) months

PCCS does not have an existing authority to purchase PCCS Shares. Hence, PCCS does not currently hold any Treasury Shares and had not purchased, resold, transferred or cancelled any of PCCS Shares in the preceding twelve (12) months up to LPD.

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2.0 PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

2.13 Historical Share prices

The monthly highest and lowest prices of PCCS Shares as traded on Bursa Malaysia Securities for the last twelve (12) months from August 2020 to July 2021 are as follows: -

Month and Year	Highest RM	Lowest RM
2020		
August	0.46	0.34
September	0.44	0.38
October	0.63	0.38
November	0.54	0.44
December	0.52	0.43
2021		
January	0.51	0.41
February	0.50	0.43
March	0.58	0.44
April	0.58	0.51
May	0.60	0.43
June	0.54	0.45
July	0.52	0.45

(Source: Yahoo finance)

The last transacted price of PCCS Shares on LPD, prior to the date of printing of this statement is RM0.46.

3.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH DIRECTOR/MAJOR SHAREHOLDER

Save as disclosed in the Section 2.10 of this Statement, none of the Directors and/or substantial shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Share Buy-Back.

4.0 DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Share Buy-Back Authority, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to Proposed Share Buy-Back Authority to be tabled at the forthcoming 27th AGM.

5.0 THE 27TH AGM

The ordinary resolution pertaining to the Proposed Share Buy-Back Authority is set out as special business in the notice of 27th AGM contained in the 2021 Annual Report of the Company, which is sent to you together with this Statement. The 27th AGM of PCCS will be held on a fully virtual basis via remote participation and voting through online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. on Wednesday, 22 September 2021 at 10:00 a.m.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at SS E Solutions Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time appointed for holding the 27th AGM. The proxy appointment may also be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 27th AGM should you subsequently wish to do so.

5.0 THE 27TH AGM (CONT'D)

Should you wish to personally participate at the meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide for further details. The Administrative Guide is available for download at http://www.pccsgroup.net/Investment_605.html.

6.0 FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors of
PCCS GROUP BERHAD

CHAN CHOO SING
Group Executive Chairman

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APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

PCCS Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) within two (2) years immediately preceding the date of this Circular/Statement.

3. MATERIAL LITIGATION

PCCS Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the PCCS Group or of any facts likely to give rise to any proceedings which might materially affect the business and financial position of the PCCS Group as at the date of this Circular/Statement.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of PCCS at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim during normal business hours on Monday to Friday (except public holidays) from the date of this Circular/Statement up to and including the date of the forthcoming 27th AGM:-

- (a) Constitution of PCCS; and
- (b) Audited Financial Statements of PCCS for the FYE 2021 and FYE 2020.

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