

PUBLIC PACKAGES HOLDINGS BERHAD (162413-K)

INVESTMENT AGREEMENT BETWEEN PPHB, KYAW THA CO., LTD, MARUICHI CO., LTD AND T&K CO., LTD

1. INTRODUCTION

The Board of Directors of Public Packages Holdings Berhad (162413-K) (“**PPHB**” and the “**the Company**”) wishes to announce that PPH Resources Sdn Bhd (“**PPHR**”), a wholly-owned subsidiary of PPHB, had entered into an Investment Agreement (“**IA**”) with Kyaw Tha Co., Ltd (“**KT**”), Maruichi Co., Ltd (“**MARUICHI**”), and T&R Co., Ltd (“**T&R**”) (“hereinafter referred to as “**the Parties**”) to jointly collaborate and carry out the business of manufacturing, sale and export of paper products and packaging materials, through KT PPH Company Limited (“**KTPPH**”), a company incorporated in the Republic of the Union of Myanmar.

2. INFORMATION ON INVESTMENT PARTNERS

2.1 PPHR

PPHR was incorporated in Malaysia on 28 May 1997, with its principal office situated at Plot 67 & 72, Lintang Kampong Jawa, 11900 Bayan Lepas, Penang, Malaysia.

It is a wholly-owned subsidiary company of PPHB. The authorised share capital is RM100,000 divided into 100,000 ordinary shares of RM1 each and its issued and paid-up is RM100,000.

It is principally an investment holding company.

2.2 KT

KT was incorporated in the Republic of the Union of Myanmar on 4 May 1992, with its principal office situated at No.98, 50th Street, Pazundaung Township, Yangon, the Republic of the Union of Myanmar.

The authorised share capital is KS divided into 50,000 ordinary shares of KS100,000 each and its issued and paid-up is KS5,000,000.

It is principally engaged in trading and investment.

2.3 MARUICHI

MARUICHI was incorporated in Japan on 18 February 1965, with its principal office situated at 975, Anado-Cho, Seto-Shi, Aichi-ken, Japan.

The issued and paid-up capital is JPY60,000,000 comprising of 500,000 ordinary shares.

It is principally engaged in manufacturing of cardboards and carton boxes.

2.4 T&R

T&R was incorporated in Japan on 30 August 1985, with its principal office situated at 4F, Maguna Kougyo BLDG, No. 1-31-13 Yoyogi, Shibuya, Tokyo, 151-0053 Japan.

The issued and paid-up capital is JPY18,000,000 comprising of 960 ordinary shares.

It is principally engaged in the business of cultivation and dispatch of specialist skills person on manufacturing of pharmaceutical products, cosmetics, dyestuff, dying agent, agricultural chemicals, synthetic resin, photo chemicals, and chemicals for rubber, paper and pulp.

3. DETAILS OF INVESTMENT COMPANY

KTPPH was incorporated in the Republic of the Union of Myanmar on 24 May 2016, with its principal office situated at No.98, 50th Street, No. 1, Pazundaung Township, Yangon, the Republic of the Union of Myanmar.

The authorised share capital is US\$2,000,000 divided into 20,000 ordinary shares of US\$100 each and its issued and paid-up is US\$2,000,000.

KTPPH is to carry out the business of manufacturing, sale and export of paper products and packaging materials.

4. THE TERMS OF THE IA

- (i) The Parties shall invest in and subscribe for an initial issued and paid up capital of KTPPH as follows (“**the Investment**”):

Party	Number of Shares	Percentage of Shareholding (%)	Subscription Price (US\$)
KT	12,600	63%	1,260,000
PPHR	5,000	25%	500,000
MARUICHI	1,600	8%	160,000
T&R	800	4%	80,000
TOTAL	20,000	100%	2,000,000

- (ii) Dividend shall be determined on a year-to-year basis and distributed among the Parties as per the participation ratio.

- (iii) KTPPH may be terminated upon occurrence of the following events:

- Accumulated Loss of KTPPH as of the end of any fiscal year reach seventy five percent (75%) of the then paid up share capital; and
- No countermeasure is identified to the satisfaction of all the Parties to return KTPPH to profitability.

- (iv) The Board of Directors in KTPPH shall consist of eight (8) Directors as follows:

Party	Number of Directors
KT	5
PPHR	2
MARUICHI and T&R	1

The Chairman of the Board shall be appointed by the Board of Directors of KTPPH and shall be one of the five (5) Directors nominated by KT.

The Managing Director shall be nominated by KT and appointed by the Board of Directors of KTPPH.

- (v) For the avoidance of doubt, this investment agreement is not a joint venture as defined in Para 10.02 of the Listing Requirements as there is no joint control among the Parties.

5. DETAILS OF THE INVESTMENT

PPHR shall subscribe for 5,000 ordinary shares of US\$100 each in KTPPH at par value of US\$100 each, and pay for the amount of paid-up capital in cash. The manner in which the contribution will be satisfied are as follows:

- (i) Payment of US\$25,000 was made on 16 June 2016;
- (ii) Payment of US\$225,000 was made on 21 July 2016;
- (iii) Payment of US\$125,000 was made on 21 October 2016; and
- (iv) Balance of US\$125,000 will be arranged on a deferred basis.

The Investment will be financed via internally generated funds.

6. RATIONALE FOR THE IA

The Investment is undertaken as part of PPHB's plan to expand internationally. It will complement the Company's existing business and enable PPHB to enter the market of the Republic of the Union of Myanmar.

7. FINANCIAL EFFECTS OF THE INVESTMENT

7.1 Share Capital and Substantial Shareholders' Shareholdings

The Investment will not have any effect on the issued and paid up share capital and substantial shareholders' shareholding of PPHB.

7.2 Earnings

The Investment is not expected to have any material effect on the consolidated earnings per share for the year ending 31 December 2016. However, the Investment is expected to contribute positively to earnings of PPHB in future.

7.3 Net Assets and Gearing

The Investment is not expected to have any material effect on the consolidated net assets per shares and gearing of PPHB for the financial year ending 31 December 2016.

8. RISK FACTORS

PPHB does not foresee any exceptional risk other than the normal operational risks associated with investment arrangements. The Company will monitor these risks and take appropriate measures to mitigate the identified.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company has any interest, direct or indirect in KTPPH.

10. DIRECTORS' STATEMENT

Having considered all aspects of the Investment, the Board of Directors is of the opinion that the Investment is in the best interest of the Company.

11. APPROVAL REQUIRED

The IA is not subject to the approval of the shareholders of PPHB and/or any relevant authorities.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Investment pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 1.94% based on the audited financial statements of the Company for the year ended 31 December 2015.

13. DOCUMENTS FOR INSPECTION

Details of the IA are available for inspection at the registered office of PPHB situated at Wisma Public Packages, Plot 67, Lintang Kampong Jawa, 11900 Bayan Lepas, Penang for three (3) months from date of this Announcement during normal business hours from Mondays to Fridays (except Public Holidays).

This announcement is dated 28 October 2016.