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

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**RGB INTERNATIONAL BHD.**  
(Registration No. 200301001411/603831-K)  
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS IN RELATION TO**

**PROPOSED AUTHORITY FOR RGB INTERNATIONAL BHD. ("RGB" OR "COMPANY") TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

The Notice convening Extraordinary General Meeting ("EGM") of RGB to be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Thursday, 28 November 2019 at 10.00 am or any adjournment thereof, together with the Form of Proxy enclosed herein.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy to attend, participate, speak and vote on his/her behalf. In such event, the Form of Proxy must be completed, signed and lodged at the registered office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not later than 48 hours before the time fixed for holding the EGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the meeting should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Tuesday, 26 November 2019 at 10.00 am.

Day, date and time of the EGM : Thursday, 28 November 2019 at 10.00 am.

This Statement is dated 13 November 2019

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## DEFINITIONS

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Except where the context otherwise requires, the following terms and abbreviations (*in alphabetical order*) shall apply throughout this Statement

<b>Act</b>	:	Companies Act 2016
<b>AGM</b>	:	Annual General Meeting
<b>Board</b>	:	Board of Directors of RGB
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn. Bhd.
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad
<b>Dato' Seri Chuah</b>	:	Dato' Seri Chuah Kim Seah, a director and a major shareholder of RGB
<b>Director(s)</b>	:	The director(s) of RGB and shall have the meaning given in Section 2(1) of the Capital Market Services Act 2007 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"><li>(i) a director of the listed issuer, its subsidiary or holding company; or</li><li>(ii) a chief executive of the listed issuer, its subsidiary or holding company</li></ul>
<b>EGM</b>	:	Extraordinary General Meeting
<b>EPS</b>	:	Earnings per share
<b>FPE</b>	:	Financial period ended/ending
<b>FYE</b>	:	Financial year ended/ending
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	21 October 2019, being the latest practicable date prior to the printing of the Statement
<b>Market Day(s)</b>	:	Means a day on which the stock market of Bursa Securities is open for trading securities
<b>NA</b>	:	Net assets
<b>PAC(s)</b>	:	Person(s) acting in concert
<b>Prevailing Laws</b>	:	Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities including but not limited to the Listing Requirements
<b>Proposed Share Buy-Back</b>	:	Proposed share buy-back of up to 10% of the total number of issued shares of RGB through Bursa Securities in accordance with Section 127 of the Act

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**DEFINITIONS (CONT'D)**

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<b>Purchased Share(s)</b>	:	RGB Shares purchased by the Company under the Proposed Share Buy-Back
<b>Record of Depositors</b>	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
<b>RGB or Company</b>	:	RGB International Bhd.
<b>RGB Group or Group</b>	:	RGB and its subsidiaries, collectively
<b>RGB Share(s) or Share(s)</b>	:	Ordinary share(s) in RGB
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>Rules</b>	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
<b>SC</b>	:	Securities Commission Malaysia
<b>Statement</b>	:	This Statement to the shareholders of RGB dated 13 November 2019 pertaining to the Proposed Share Buy-Back
<b>VWAMP</b>	:	Volume weighted average market price

Words incorporating the singular shall, where applicable include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to person(s) shall include a corporation, unless otherwise specified.

Unless otherwise stated and wherever applicable, the amounts represented throughout this Statement have been rounded to the nearest whole number, for ease of reference.

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 a day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

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**RGB INTERNATIONAL BHD.**  
(Registration No. 200301001411/603831-K)  
(Incorporated in Malaysia)

**Registered Office**

170-09-01 Livingston Tower  
Jalan Argyll  
10050 George Town  
Penang, Malaysia

13 November 2019

**Board of Directors**

Dato' Mahinder Singh Dulku	(Independent Non-Executive Chairman)
Dato' Seri Chuah Kim Seah	(Managing Director)
Datuk Steven Lim Tow Boon	(Chief Operating Officer)
Mazlan Ismail	(Executive Director)
Chuah Kim Chiew	(Deputy Chief Operating Officer)
Lam Voon Kean	(Independent Non-Executive Director)
Tan Sri Norazman Hamidun	(Independent Non-Executive Director)

**To: The shareholders of RGB**

Dear Sir/Madam,

**PROPOSED SHARE BUY-BACK**

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**1. INTRODUCTION**

On 24 October 2019, the Board announced that the Company is proposing to seek its shareholders' approval for the authority to purchase its own Shares of up to 10% of the total number of issued shares of RGB through Bursa Securities in accordance with Section 127 of the Act at the forthcoming EGM to be convened on 28 November 2019.

**THE PURPOSE OF THIS STATEMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SHARE BUY-BACK, TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS STATEMENT.**

**SHAREHOLDERS OF RGB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSED SHARE BUY-BACK

In accordance with Section 127 of the Act, and any Prevailing Laws at the time of the purchase, the Company is allowed to purchase its own Shares on Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

Accordingly, the Board proposes to seek the authority from the shareholders of RGB to purchase and/or hold from time to time, and at any time up to 10% of its total number of issued Shares for the time being quoted on Bursa Securities through the appointed stockbroker(s).

### 2.1 Maximum number or percentage of RGB Shares to be acquired

As at the LPD, RGB has a total of 1,547,942,389 Shares. Pursuant to the Proposed Share Buy-Back, RGB may purchase up to 154,794,238 RGB Shares, representing up to 10% of its total number of issued Shares as at the LPD.

The computation of the number of issued Shares in the event that the Proposed Share Buy-Back is to be implemented in full are illustrated as follows:-

	<b>No. of RGB Shares</b>
Total number of RGB Shares as at the LPD	1,547,942,389
Maximum number of RGB Shares that can be repurchased	(154,794,238)
<b>Total number of issued Shares after full implementation of the Proposed Share Buy-Back</b>	<b>1,393,148,151</b>

### 2.2 Maximum amount of funds to be allocated and the source of funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company. Accordingly, the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of purchase.

Based on the latest audited financial statements for the FYE 31 December 2018, the reserves/retained earnings of the Company stood at approximately RM11.83 million. In addition, based on the latest unaudited financial statements for the FPE 30 June 2019, the reserves/retained earnings of the Company stood at approximately RM9.54 million. As such, the Company has adequate retained earnings available for the Company to undertake the Proposed Share Buy-Back in accordance with Paragraph 12.10(1) of the Listing Requirements.

Notwithstanding the above, the Proposed Share Buy-Back may be funded using the internally generated funds of RGB and/or external borrowings, the exact proportion/quantum of which has yet to be determined at this juncture. The source of funding for the Proposed Share Buy-Back will only be determined at a later stage depending on, amongst others, the availability of internally generated funds, the retained earnings and financial resources of the Company at the time of the purchase(s), the actual number of RGB Shares to be purchased and other relevant cost factors. The actual number of RGB Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Company.

Should the Proposed Share Buy-Back be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such borrowings.

### 2.3 Duration of the Proposed Share Buy-Back

The implementation of the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back by the shareholders of RGB at the forthcoming EGM to be convened. Pursuant to Paragraph 12.07(3) of the Listing Requirements, the Proposed Share Buy-Back shall be valid until:-

- (i) the conclusion of the first AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first (“**Authority Period**”).

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time during the Authority Period.

### 2.4 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, the Board is able to deal with any of the Purchased Shares under the Proposed Share Buy-Back in the following manner:-

- (i) to cancel the Purchased Shares;
- (ii) to retain the Purchased Shares as treasury shares; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, the Board may, at their discretion:-

- (i) distribute the Purchased Shares as dividends to RGB shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares; or
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as the Minister may by order prescribe.

Pursuant to Section 127(8) of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution and otherwise are suspended. In accordance with Section 127(9) of the Act, 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 purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be determined by the Board at the appropriate time.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of RGB Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

## **2.5 Pricing**

Pursuant to Paragraph 12.17 of the Listing Requirements, RGB may only purchase its own Shares at a price, which is not more than 15% above VWAMP of RGB Shares for the 5 Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, RGB may only resell or transfer any treasury shares on Bursa Securities at a price, which is:-

- (i) not less than the VWAMP of RGB Shares for the 5 Market Days immediately before the day of the resale or transfer; or
- (ii) a discounted price of not more than 5% to the VWAMP of RGB Shares for the 5 Market Days immediately before the date of resale or transfer, provided that:-
  - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
  - (b) the resale or transfer price is not less than the cost of purchase of the RGB Shares being resold or transferred.

## **2.6 Previous purchases, resale and cancellation of treasury shares**

At present, the Company does not have an existing authority to purchase its Shares. Hence, the Company does not currently hold any treasury shares and has not purchased, resold and/or cancelled any Shares during the last 12 months preceding the LPD.

## **2.7 Historical prices of RGB Shares**

The monthly highest and lowest market prices of Shares traded on Bursa Securities for the preceding 12 months from November 2018 to October 2019 are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b>2018</b>		
November	0.217	0.179
December	0.198	0.174
<b>2019</b>		
January	0.241	0.184
February	0.241	0.203
March	0.217	0.198
April	0.212	0.198



	<b>High RM</b>	<b>Low RM</b>
<b>2019</b>		
May	0.203	0.188
June	0.203	0.184
July	0.217	0.193
August	0.200	0.185
September	0.190	0.170
October	0.185	0.165
Last transacted market price on the LPD		0.175

*(Source: Bloomberg)*

## **2.8 Public shareholding spread of RGB**

The Proposed Share Buy-Back will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the 25% shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

Based on the Record of Depositors of the Company as at the LPD, the public shareholding spread of the Company stood at 977,153,021 Shares, representing approximately 63.13% of the total number of issued Shares.

The Board is mindful of the requirement that any purchase of RGB Shares by the Company must not result in the public shareholding spread of RGB falling below 25% of the total number of issued Shares.

## **2.9 Implications relating to the Rules**

Pursuant to Paragraph 9 of notes to Paragraph 4.01 of the Rules, a mandatory offer obligation arises when, as a result of a buy-back scheme by the company, a person obtains control in the company, or, a person holding more than 33% but not more than 50% of the voting shares or voting rights of the company, increases his/her holding of the voting shares or voting rights of the company within a band of 2% in any 6-month period.

As at the LPD, Dato' Seri Chuah (a Director and a major shareholder of RGB) and his PACs collectively hold a total of 552,510,799 Shares, representing approximately 35.69% equity interest in RGB. Should the Proposed Share Buy-Back be implemented in full, the total shareholdings of Dato' Seri Chuah and his PACs are expected to increase by more than 2% within 6-month during the Authority Period from approximately 35.69% equity interest in RGB to approximately 39.66% equity interest in RGB, which will trigger a mandatory offer obligation in the Company pursuant to the provision of the Rules. For the avoidance of doubt, the increase in shareholdings of Dato' Seri Chuah and his PACs in RGB is solely due to the decrease in the total number of outstanding Shares traded in an open market pursuant to the implementation of the Proposed Share Buy-Back, in which such shareholding effects will also affect all other shareholders of RGB, as a whole.

As it is not the intention of Dato' Seri Chuah and his PACs for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory take-over offer under the Rules, the Board will ensure that such number of Shares that are re-purchased, retained as treasury shares, cancelled or distributed would not result in triggering any mandatory offer obligation on the part of its substantial shareholder and his PACs. However, in the event that an obligation to undertake a mandatory take-over offer is expected to arise resulting from the Proposed Share Buy-Back, Dato' Seri Chuah and his PACs will make the necessary application to the SC for an exemption from undertaking a mandatory take-over offer pursuant to the provisions of the Rules. Thus, the Board is and will be mindful of the requirements when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

### **3. RATIONALE OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back will enable RGB to utilise any of 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 is to stabilise the market price of the Shares and to prevent against speculation of the Shares, when undervalued in the future, so as to enhance investors' confidence.

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

With the share buy-back mandate being procured, the Company will also be able to stabilise the supply and demand of RGB Shares traded on Bursa Securities and thereby support its fundamental value, if required.

The Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, and it will be implemented only after taking into consideration, amongst others, the financial resources of RGB Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the best interests of the Company and its shareholders when undertaking the Proposed Share Buy-Back.

### **4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

#### **4.1 Potential advantages of the Proposed Share Buy-Back**

- (i) The Proposed Share Buy-Back, if implemented, will allow the Company to take preventive measures against speculation which would in turn, stabilise the market price of RGB Shares and hence, enhance investors' confidence.
- (ii) The Company would have the opportunity to realise potential capital gains if the Purchased Shares are resold at prices higher than the purchase prices and such proceeds may be subsequently utilised for working capital and investment opportunities arising in the future.
- (iii) The Purchased Shares (if retained as treasury shares) may serve as an alternative to reward the shareholders of the Company in the event the Company distributes the treasury shares as share dividends.

#### **4.2 Potential disadvantages of the Proposed Share Buy-Back**

- (i) The Proposed Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forego feasible investment opportunities that may surface in the future. However, the financial resources of the Group may increase if the Purchased Shares are resold at prices higher than the acquisition cost.
- (ii) The Proposed Share Buy-Back will reduce the trading liquidity of Shares in the open market as a result of a decrease in the number of outstanding Shares.

The Board does not expect the Proposed Share Buy-Back to result in any material disadvantage to the Company and its shareholders as it will be implemented only after taking into consideration that there is adequate cash flow to fund the Group's working capital requirements and dividends to be paid to the shareholders prior to allocating the available resources for the Proposed Share Buy-Back. As mentioned in **Section 3** of this Statement, the Board, in exercising any decision to purchase any RGB Shares will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Share Buy-Back.

## 5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

### 5.1 Issued share capital

The effect of the Proposed Share Buy-Back on the Company's issued share capital will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

In the event that the maximum number of RGB Shares (of up to 10% of the latest total number of issued Shares) authorised under the Proposed Share Buy-Back are purchased and retained as treasury shares, there would be no effect to the share capital of RGB.

However, assuming that the maximum number of RGB Shares (of up to 10% of the latest total number of issued Shares) authorised under the Proposed Share Buy-Back are purchased and cancelled, the effects of the Proposed Share Buy-Back are as follows:-

	<b>No. of Shares</b>	<b>RM</b>
Issued share capital as at the LPD	1,547,942,389	157,195,840
Less: Maximum number of RGB Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(154,794,238)	(27,197,348) <sup>*1</sup>
<b>Issued share capital after the Proposed Share Buy-Back</b>	<b>1,393,148,151</b>	<b>129,998,492</b>

**Note:-**

<sup>\*1</sup> Assuming the Purchased Shares are purchased at RM0.1757 per Purchased Share, representing the 5-day VWAMP of RGB Shares up to and including the LPD, and cancelled.

### 5.2 NA per Share and gearing

The effects of the Shares repurchase on the NA per Share of RGB Group is dependent on factors such as the number of RGB Shares which the Company will buy-back, purchase price of the RGB Shares at the time of the buy-back, the treatment of the Shares purchased and the funding cost, if any.

The Purchased Shares that are retained as treasury shares would decrease the consolidated NA by the acquisition cost of the treasury shares, as the treasury shares are required to be carried at cost and would offset against the equity. The acquisition costs for future Shares buy-back are unknown at this juncture. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the consolidated NA of RGB.

In the event the Purchased Shares that are retained as treasury shares are resold in the open market on Bursa Securities, the consolidated NA of RGB will be affected by the resale value of the Shares. In the event the resale value is higher than the cost, there would be a net increase in the consolidated NA of RGB. On the contrary, in the event the cost is higher than the resale value, there would be a net decrease on the consolidated NA of RGB.

If the Purchased Shares are retained as treasury shares, cancelled and/or distributed as share dividends, the consolidated NA per Share will decrease if the purchase price of RGB Shares exceeds the consolidated NA per Share, and if the consolidated NA per Share exceeds the purchase price of RGB Shares, the consolidated NA per Share will increase. On the contrary, the converse effect would apply in the event the treasury shares are resold on Bursa Securities.

### 5.3 Substantial shareholder and Directors' shareholdings

For illustration purpose only, based on the Record of Depositors as at the LPD and assuming the repurchase of RGB Shares by the Company pursuant to the Proposed Share Buy-Back is carried out in full, the pro forma effects of such purchase on the shareholdings of the substantial shareholder and directors are as follows:-

Substantial shareholder and Director	Shareholdings as at the LPD		After the Proposed Share Buy-Back	
	<-----Direct-----> No. of Shares	<-----Indirect-----> % <sup>*1</sup>	<-----Direct-----> No. of Shares	<-----Indirect-----> % <sup>*2</sup>
Dato' Seri Chuah	455,257,473	29.41	455,257,473	32.68
<b>Directors</b>				
Dato' Mahinder Singh Dulku	1,374,285	0.09	1,374,285	0.10
Datuk Lim Tow Boon	7,589,142	0.49	7,589,142	0.54
Mazlan Bin Ismail	57,142,857	3.69	57,142,857	4.10
Chuah Kim Chiew	31,730,507	2.05	31,730,507	2.28
Lam Voon Kean	3,428,571	0.22	3,428,571	0.25
Tan Sri Norazman Bin Hamidun	4,548,571	0.29	4,548,571	0.33
Dato' Seri Chuah	455,257,473	29.41	455,257,473	32.68
			2,805,141 <sup>*3</sup>	0.20

#### Notes:-

<sup>\*1</sup> Based on the total issued shares of 1,547,942,389 in RGB.

<sup>\*2</sup> Based on the total issued shares of 1,393,148,151 in RGB.

<sup>\*3</sup> Deemed interested by virtue of his equity interest in Manju Sdn. Bhd., which holds 2,404,342 Shares, 171,428 Shares held by his spouse, Datin Seri Tan Soon Kim, and 229,371 Shares held by his son, Mr. Chuah Eng Meng.

<sup>\*4</sup> Deemed interested by virtue of his equity interest in Manju Sdn. Bhd., which holds 2,404,342 Shares and 71,542 Shares held by his daughter, Ms. Chuah Tong Yi.

#### **5.4 EPS**

The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase price of RGB Shares and the effective funding cost of such purchases or loss in interest income to the Group, if internally generated funds are utilised.

Furthermore, the Proposed Share Buy-Back, regardless if the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purpose of computing the EPS. Hence, the Proposed Share Buy-Back will improve the EPS of RGB, which in turn is expected to have a positive influence on the market price of RGB Shares.

In the event the Purchased Shares which are retained as treasury shares and subsequently resold, the extent of the effect on the earnings of RGB 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.

#### **5.5 Convertible securities**

As at the LPD, the Company does not have any existing convertible securities.

#### **5.6 Working capital**

The Proposed Share Buy-Back will result in cash outflow and thereby reducing the working capital of RGB Group, the quantum of which is dependent on the purchase prices of the RGB Shares and the number of RGB Shares repurchased and the funding costs, if any. Nevertheless, the Board will take into consideration, the interests of RGB and its shareholders as well as to assess the working capital requirements of the Group prior to the Proposed Share Buy-Back.

#### **5.7 Dividends**

The Proposed Share Buy-Back is not expected to have any material impact on the policy of the Board in recommending future dividends. Nonetheless, the Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Notwithstanding the above, the RGB Shares purchased which are held as treasury shares may be distributed as dividends to shareholders of the Company, if the Board decides to do so.

### **6. APPROVALS REQUIRED**

The Proposed Share Buy-Back is subject to and conditional upon the shareholders' approval at an EGM of RGB to be convened.

The Proposed Share Buy-Back is not conditional upon any other proposals undertaken or to be undertaken by the Company.

The voting on the resolution in relation to the Proposed Share Buy-Back at the EGM will be taken via poll to be validated by an independent scrutineer.

**7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save for the proportionate increase in the percentage of shareholding and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back in RGB, none of the directors and/or major shareholders of RGB and/or persons connected to them have any interests, whether direct or indirect, in the Proposed Share Buy-Back or resale of the treasury shares, if any.

**8. BOARD OF DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Buy-Back, including the rationale and the effects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming EGM.

**9. EGM**

The EGM, notice of which is enclosed in this Statement, will be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Thursday, 28 November 2019 at 10.00 am or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia, not less than 48 hours before the time fixed for holding the EGM or at any adjournment thereof.

The lodgement of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

**10. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**RGB INTERNATIONAL BHD.**

**Dato' Mahinder Singh Dulku**  
Independent Non-Executive Chairman

**FURTHER INFORMATION**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia, during normal business hours (except public holidays) from the date of this Statement up to and including the date of the EGM:-

- i. The Constitution of RGB;
- ii. The audited consolidated financial statements of RGB for the past 2 financial years up to the FYE 31 December 2018; and
- iii. The latest unaudited results of RGB Group for the FPE 30 June 2019.

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**RGB INTERNATIONAL BHD.**  
(Registration No. 200301001411/603831-K)  
(Incorporated in Malaysia)

**NOTICE IS HEREBY GIVEN THAT** the Extraordinary General Meeting (“**EGM**”) of RGB International Bhd. (“**Company**”) will be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Thursday, 28 November 2019 at 10.00 am, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

#### **ORDINARY RESOLUTION**

#### **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

“**THAT** subject to the Companies Act 2016 (“**Act**”), rules, regulations and orders made pursuant to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and any other relevant authority or approval for the time being in force or as may be amended from time to time, approval be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit, necessary and expedient in the interest of the Company (“**Proposed Share Buy-Back**”), provided that:-

- (a) the aggregate number of ordinary shares to be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company available at the time of the purchase.

**THAT** the authority conferred by this resolution shall be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back by the shareholders of the Company at the EGM, and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this EGM at which this resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first, but not as to the prejudice of the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).



**THAT** upon completion of the purchase by the Company of its own ordinary shares, the Directors be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (a) cancel part/all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration and/or sell, transfer or otherwise use the purchased shares for such other purposes as the Minister may by order prescribe; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

**AND THAT** the Directors be and are hereby authorised to take all such steps as necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company."

By Order of the Board

WOON MEI LING (MAICSA 7047736)  
Company Secretary  
Penang, Malaysia  
13 November 2019

**Notes:-**

**Appointment of Proxy**

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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**RGB International Bhd.**  
(200301001411/603831-K)  
(Incorporated in Malaysia)

**FORM OF PROXY**

No. of Shares held	
CDS Account No.	

\*I/We ..... \*NRIC/Passport/Registration No. ....  
(FULL NAME IN BLOCK CAPITALS)

of .....  
(FULL ADDRESS)

and \*telephone no./email address .....

being a \*member/members of RGB International Bhd. ("**Company**") hereby appoint:-

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

\*and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing \*him/her, THE CHAIRMAN OF THE MEETING as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company, to be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Thursday, 28 November 2019 at 10.00 am, or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

Ordinary Resolution	For	Against
Proposed authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company		

Signed this ..... day of ....., 2019.

.....  
Signature of Member/Common Seal

*\*Strike out whichever is not desired.*

**Notes:-**

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Extraordinary General Meeting of the Company and any adjournment thereof.



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AFFIX  
STAMP

The Company Secretary  
**RGB INTERNATIONAL BHD. (200301001411/603831-K)**  
170-09-01 Livingston Tower,  
Jalan Argyll, 10050 George Town,  
Penang, Malaysia.

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