

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has only perused the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirement of Bursa Securities.

Bursa Securities has not perused the contents of this Circular/Statement in respect of the proposed renewal of shareholders' mandate and proposed renewal of authority for share buy-back prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa 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.



**RGB INTERNATIONAL BHD.**

Registration No. 200301001411 (603831-K)  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO  
PROPOSED ADDITIONAL AND RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES  
OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY  
("PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK")**

The resolutions in respect of the above proposals will be tabled as Special Business at the forthcoming Seventeenth (17<sup>th</sup>) Annual General Meeting ("AGM") of the Company. The notice convening the 17<sup>th</sup> AGM of the Company together with the Form of Proxy are set out in the Annual Report 2019.

The Form of Proxy must be completed and deposited at the Registered Office of the Company at 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 17<sup>th</sup> AGM or at any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting at the meeting if you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Sunday, 6 September 2020 at 10.00 a.m.
Date and time of the AGM	: Tuesday, 8 September 2020 at 10.00 a.m.
Place of the AGM	: Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia

This Circular is dated 12 June 2020

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## DEFINITIONS

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

<b>Act</b>	– The Companies Act 2016, as amended from time to time and any re-enactment thereof
<b>AGM</b>	– Annual General Meeting
<b>AC</b>	– Audit Committee of RGBI
<b>Board or Board of Directors</b>	– The Board of Directors of RGBI
<b>Bursa Depository</b>	– Bursa Malaysia Depository Sdn. Bhd.
<b>Bursa Securities</b>	– Bursa Malaysia Securities Berhad
<b>Circular</b>	– This Circular to shareholders of RGBI dated 12 June 2020 pertaining to the Proposed Shareholders' Mandate
<b>Constitution</b>	– Constitution of the Company
<b>CMSA</b>	– Capital Markets and Services Act 2007, as amended from time to time
<b>Director(s)</b>	– Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of RGBI (or any other company which is its subsidiary or holding company) or a Chief Executive Officer of RGBI, its subsidiaries or holding company
<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 the Bursa Securities including any amendments to the Listing Requirements that may be made from time to time
<b>LPD</b>	– 15 May 2020, being the latest practicable date prior to printing of this Circular/Statement
<b>Major Shareholder</b>	<p>– A person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, has an interest or interests in one or more voting shares in the corporation and the number or aggregate number of those shares is:-</p> <p>(a) 10% or more of the total number of voting shares in the corporation; or</p> <p>(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.</p> <p>A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company</p>
<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

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**DEFINITIONS (CONTD)**

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<b>Proposed Share Buy-Back</b>	– Proposed renewal of authority to buy-back its own shares by the Company of up to maximum of 10% of total number of issued shares of the Company through Bursa Securities in accordance with Section 127 of the Act
<b>Purchased Share(s)</b>	– RGBI Shares purchased by the Company under the Proposed Share Buy-Back
<b>Person(s) Connected</b>	– Such person, 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"><li>(a) a family member of the said Person;</li><li>(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;</li><li>(c) a partner of the said Person;</li><li>(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;</li><li>(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;</li><li>(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</li><li>(g) a body corporate which is a related corporation of the said Person.</li></ul>
<b>Proposed Shareholders’ Mandate</b>	– Proposed additional and renewal of existing shareholders’ mandate for RGBI Group to enter into Recurrent Related Party Transactions
<b>Recurrent Related Party Transactions or RRPT</b>	– Transactions with Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for RGBI Group’s day-to-day operations and are in the ordinary course of business of RGBI Group
<b>Record of Depositors</b>	– A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
<b>Related Parties</b>	– Directors, Major Shareholders and/or Persons Connected with such Directors or Major Shareholders of the Company
<b>RGBI or Company</b>	– RGB International Bhd.
<b>RGBI Group or Group</b>	– RGBI and its subsidiaries, collectively
<b>RGBI Share(s) or Share(s)</b>	– Ordinary share(s) in RGBI
<b>Rules</b>	– Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
<b>RM and sen</b>	– Ringgit Malaysia and sen, respectively
<b>SC</b>	– Securities Commission Malaysia
<b>Statement</b>	– This Statement to shareholders of RGBI dated 12 June 2020 pertaining to the Proposed Renewal of Authority for Share Buy-Back

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**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED  
ADDITIONAL AND RENEWAL OF EXISTING SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR  
TRADING NATURE**



## **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

12 June 2020

### **Directors**

Dato' Mahinder Singh Dulku	<i>(Independent Non-Executive Chairman)</i>
Dato' Seri Chuah Kim Seah	<i>(Managing Director)</i>
Datuk Lim Tow Boon	<i>(Chief Operating Officer)</i>
Lam Voon Kean	<i>(Independent Non-Executive Director)</i>
Tan Sri Norazman Hamidun	<i>(Independent Non-Executive Director)</i>

To: **The Shareholders of RGBI**

Dear Sir/Madam,

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

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#### **1.0 INTRODUCTION**

Our Company had, at its Annual General Meeting held on 30 May 2019, obtained a general mandate from the shareholders for RGBI Group to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for RGBI Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public. The said general mandate for RRPT shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 17<sup>th</sup> AGM unless authority for its renewal is renewed.

The Board of Directors of our Company had, on 18 May 2020, announced that the Company proposed to seek an additional and renewal of mandate in respect of the existing RRPT from our shareholders pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming 17<sup>th</sup> AGM to be convened.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 17<sup>th</sup> AGM, which will be convened at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Tuesday, 8 September 2020 at 10.00 a.m.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDIX CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 17<sup>TH</sup> AGM.**

## 2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Provisions under the Listing Requirements

Paragraph 10.09(2) of the Listing Requirements provides that a listed issuer may seek a shareholders' mandate in respect of Recurrent Related Party Transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where, in relation to a listed issuer with an issued and paid-up share capital of RM60 million and above;
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) any one of the percentage ratios of such Recurrent Related Party Transaction is 1% or more, whichever is the higher;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of a person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of Recurrent Related Party Transaction entered by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

### 2.2 Background information

RGBI is an investment holding company whilst the principal activities of the subsidiaries are more particularly set out under Note 15 to the audited financial statements for the FYE 31 December 2019 enclosed in the Annual Report 2019.

The subsidiaries of RGBI which are involved in the RRPT are as set out in the table below:

<b>Names of companies</b>	<b>Equity interest held</b>	<b>Principal activities</b>
RGB Sdn. Bhd. ("RGBSB")	100%	Manufacturing, refurbishment, technical support and maintenance, sales and marketing of gaming and amusement machines and equipment, sales and marketing of security surveillance products and systems for local and overseas markets.
RGB Ltd. ("RGBL")	100%	Trading and management of gaming and amusement machines and equipment.
RGB (Macau) Limited ("RGBML")	100%	Import and export including sales and marketing, technical support and management of gaming and amusement machines and equipment and all other business activities related to hospitality and leisure industries.
Macrocept Sdn. Bhd. ("MCSB")	100%	Investment holding, sales and maintenance of information technology hardware and software.

RGBI Group enters into the RRPT referred to in Section 2.4 below which are necessary for the day-to-day operations with certain Related Parties of our Company in the ordinary course of business. Such RRPT will be carried out at arm's length basis, on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders of RGBI. The transactions may occur in periodic requirements and are not bound by any preceding agreements negotiated in advance.

The RRPT will also be subject to the review procedures set out in Section 2.6 below.

### 2.3 Validity of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved by the shareholders shall take effect from the date of passing of the proposed ordinary resolution at the forthcoming 17<sup>th</sup> AGM and is subject to annual renewal. In this respect, the mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM following the forthcoming general meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless the authority is renewed; or
- (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 a general meeting;

whichever is the earlier.

Thereafter, the approval from the shareholders will be sought for the renewal of the Proposed Shareholders' Mandate for RRPT at each subsequent AGM of the Company.

Details of RRPT of the Company which are in accordance with Paragraph 10.09 of the Listing Requirements are set out in the ensuing sections.

### 2.4 Class and Nature of the Recurrent Related Party Transactions

#### The principal activities of the other transacting Related Parties

The principal activities of the other transacting Related Parties that will be entering into the RRPT with RGBI Group are set out below:

Transacting Related Party	Principal activities
Channel Paradise Sdn. Bhd. ("CPSB")	Trading of machines and parts.
Channel Paradise Pte. Ltd. ("CPPL")	Trading in, maintenance and servicing of video game machines and managing and operating of amusements centers.
Timor Holding, S.A. ("THSA")	Operating of amusement and gaming machines.
Prosper Dynasty (Macau) Holdings Company Limited ("PDM")	Investment holding.



### Nature of the Recurrent Related Party Transactions

The details of the nature and estimated annual value of the RRPT in respect of which RGBI Group is seeking renewal mandate from its shareholders as contemplated under the Proposed Shareholders' Mandate are as follows:

#### (a) Proposed Renewal of Shareholders' Mandate

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Estimated aggregate value as disclosed in the Circular to Shareholders dated 30 April 2019 (RM)	Actual value transacted ("Actual Value") <sup>(i)</sup> (RM)	Estimated Value from forthcoming 17 <sup>th</sup> AGM to next AGM <sup>(ii)</sup> (RM)	Related Parties
RGBSB	CPSB	Sale of products <sup>(iii)</sup> and maintenance charges	10,000,000	7,500,683	- <sup>(iv)</sup>	Dato' Seri Chuah Kim Seah is a director and major shareholder of RGBI. He is also a director of RGBSB.  Chuah Kim Chiew is a director of RGBSB.  Chuah Eng Hwa is a director and major shareholder of CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.  Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah and Chuah Kim Chiew.  Chuah Eng Meng is an employee of RGBSB and a director of CPSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.  Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.

Notes:

- (i) The actual value transacted of RRPT from the date on which the existing mandate was obtained up to the LPD.
- (ii) The estimated value may vary and subject to changes.
- (iii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories.
- (iv) The Company will not seek shareholders' renewal at this forthcoming AGM.

Nature of the Recurrent Related Party Transactions

(a) Proposed Renewal of Shareholders' Mandate (cont'd)

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Estimated aggregate value as disclosed in the Circular to Shareholders dated 30 April 2019 (RM)	Actual value transacted ("Actual Value") <sup>(i)</sup> (RM)	Estimated Value from forthcoming 17 <sup>th</sup> AGM to next AGM <sup>(ii)</sup> (RM)	Related Parties
RGBI Group	THSA	Sale of products <sup>(iii)</sup> , technical support management <sup>(iv)</sup> , leasing of products <sup>(iii)</sup> and management fee <sup>(v)</sup>	10,000,000	4,197,519	10,000,000	Dato' Seri Chuah Kim Seah is a director and major shareholder of RGBI and THSA via his interest in 1 Georgetown Ltd. ("1GL"). 1GL is a major shareholder of THSA. He is also a director of RGBSB, RGBL, RGBML and 1GL.  Datuk Lim Tow Boon is a director of RGBI, RGBSB, RGBL, RGBML, THSA and 1GL. He is also a major shareholder of THSA.
RGBI Group	PDM Group <sup>(vi)</sup>	Sales of products <sup>(iii)</sup> , technical support management <sup>(iv)</sup> , leasing of products <sup>(iii)</sup> and management fee <sup>(v)</sup>	2,000,000	-	-(vii)	Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL, RGBML and PDM. He is also a major shareholder of RGBI and PDM.  Datuk Lim Tow Boon is a director of RGBI, RGBSB, RGBL, RGBML and PDM. He is also a major shareholder of PDM.  Mazlan Ismail is a director of RGBSB and RGBL. He is also a major shareholder of PDM.  Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB. He is also a major shareholder of PDM.

Notes:

- (i) The actual value transacted of RRPT from the date on which the existing mandate was obtained up to the LPD.
- (ii) The estimated value may vary and subject to changes.
- (iii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories.
- (iv) Provision of technical support management comprise of technical support, maintenance and management of gaming and amusement machines and equipment.
- (v) Provision of management services encompassing advisory works.
- (vi) Provision of management services encompassing accounting and administrative work.
- (vii) PDM Group comprises PDM and any wholly owned subsidiary(ies) which are expected to be acquired or incorporated within the next twelve (12) months.
- (viii) The Company will not seek shareholders' renewal at this forthcoming AGM.

Nature of the Recurrent Related Party Transactions

(a) Proposed Renewal of Shareholders' Mandate (cont'd)

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Estimated aggregate value as disclosed in the Circular to Shareholders dated 30 April 2019 (RM)	Actual value transacted ("Actual Value") <sup>(i)</sup> (RM)	Estimated Value from forthcoming 17 <sup>th</sup> AGM to next AGM <sup>(ii)</sup> (RM)	Related Parties
CPSB	RGBI Group	Sales of products <sup>(iii)</sup> , technical support management <sup>(iv)</sup> and leasing of products <sup>(iii)</sup>	10,000,000	7,378,598	12,000,000	Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL and RGBML. He is also a major shareholder of RGBI.  Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB.  Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a director and major shareholder of CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.  Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah and Chuah Kim Chiew.  Chuah Eng Meng is an employee of RGBSB and a director of CPSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.  Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.

Notes:

- (i) The actual value transacted of RRPT from the date on which the existing mandate was obtained up to the LPD.
- (ii) The estimated value may vary and subject to changes.
- (iii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.
- (iv) Provision of technical support management comprise of technical support, maintenance and management of gaming and amusement machines and equipment.

Nature of the Recurrent Related Party Transactions

(a) Proposed Renewal of Shareholders' Mandate (cont'd)

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Estimated aggregate value as disclosed in the Circular to Shareholders dated 30 April 2019 (RM)	Actual value transacted ("Actual Value") <sup>(i)</sup> (RM)	Estimated Value from forthcoming 17 <sup>th</sup> AGM to next AGM <sup>(ii)</sup> (RM)	Related Parties
CPPL	RGBI Group	Sales of products <sup>(iii)</sup> , technical support management <sup>(iv)</sup> and leasing of products <sup>(iii)</sup>	15,000,000	3,375,749	15,000,000	Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL and RGBML He is also a major shareholder of RGBI and CPPL. Datuk Lim Tow Boon is a director of RGBI, RGBSB, RGBL, RGBML and CPPL. Chuah Kim Chiew is a director of RGBSB, RGBL, MCSB and CPPL. He is also a major shareholder of CPPL. Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng. Chuah Eng Meng is an employee of RGBSB and a director of CPPL. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.

Notes:

- (i) The actual value transacted of RRPT from the date on which the existing mandate was obtained up to the LPD.
- (ii) The estimated value may vary and subject to changes.
- (iii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.
- (iv) Provision of technical support management comprise of technical support, maintenance and management of gaming and amusement machines and equipment.

The details of the nature and estimated annual value of the RRPT in respect of which RGBI Group is seeking fresh mandate from its shareholders as contemplated under the Proposed Additional Shareholders' Mandate are as follows:

**(b) Proposed Additional Shareholders' Mandate**

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Estimated Value from forthcoming 17 <sup>th</sup> AGM to next AGM <sup>(a)</sup> (RM)	Related Parties
RGBI Group	CPSB	Sale of products <sup>(b)</sup> , maintenance charges and technical fee <sup>(c)</sup>	12,000,000	Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL and RGBML. He is also a major shareholder of RGBI.  Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB.  Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a director and major shareholder of CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.  Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah and Chuah Kim Chiew.  Chuah Eng Meng is an employee of RGBSB and a director of CPSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.  Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.

Notes:

- (a) The estimated values of transactions are based on information available at the point of estimation based on the management's forecast. Due to the nature of transactions, the actual value of the transactions may vary from the estimated values disclosed above.
- (b) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.
- (c) Technical fee would include fee charged on repair and maintenance of gaming and amusement machines.

## 2.5 Amount Due and Owing Under Recurrent Related Party Transactions

As at the FYE 31 December 2019, the outstanding amount due and owing to RGBI Group arising from RRPT as per Section 2.4(a) above which has exceeded the credit term are as follows:

No.	Transacting Parties	Exceeding credit term but ≤ 1 year		> 1 year to 3 years		> 3 years to 5 years		> 5 years	
		Principal (RM)	Interest (RM)	Principal (RM)	Interest (RM)	Principal (RM)	Interest (RM)	Principal (RM)	Interest (RM)
1	CPSB	173,466	-	-	-	-	-	-	-
2	THSA	704,213	-	-	-	-	-	-	-
	Total	877,679	-	-	-	-	-	-	-

There were no interest and late payment charges imposed on the overdue amounts as the Board is of the opinion that the outstanding amounts are not substantial and the above total outstanding amounts of RM877,679 have been fully recovered as at the LPD.

The management has and will continue to carry out periodic reviews to ensure that all amounts owing by the Related Parties are paid within the credit term.

## 2.6 Method or Procedures on Which Transaction Prices are Determined/Review Procedures for Recurrent Party Transactions

To ensure that RRPT are conducted at arm's length and on normal commercial terms consistent with RGBI Group's business practices and policies, the management will ensure that transactions with Related Parties will be entered into in the normal course of business and the terms of which shall be established on a negotiated basis consistent with commercial terms for the transactions with third parties, and undertaken on transaction prices and on terms not more favourable than those generally available to the public and are not prejudicial to the interest of RGBI or its minority shareholders. The policies and procedures established by RGBI Group are as follows:

- (a) A list of Related Parties is stated in the Group's Policy and Procedures for Related Party Transactions ("the Policy"). The list is provided to the relevant personnel within RGBI Group and at the same time, the Related Parties will be notified that all related party transactions are required to be undertaken on arm's length basis and on normal commercial terms. In addition, an approval has to be obtained from the Board and the AC before entering into any transactions with new related party.
- (b) Management will review through all RRPT including commercial contracts and present to the AC for review pursuant to factors, including but not limited to the following:
  - (1) the benefits of the transaction to RGBI Group;
  - (2) the arm's length basis maintained during negotiations and the commercial reasonableness of the terms of the transaction;
  - (3) the materiality of the RRPT to RGBI Group;
  - (4) justification as to why the transaction must be undertaken with the related party, for example that the goods/service sourced from the related party cannot be obtained elsewhere or if need be, an independent valuation report annexed for that purpose;
  - (5) the extent of the related party's interest in the RRPT;
  - (6) the impact of the transaction on an employee or director's independence;
  - (7) the actual or apparent conflict of interest of the related party's participation in the RRPT; and
  - (8) any other factors the AC deems appropriate.

Commercial contracts are submitted to Legal Compliance Department and/or Finance Department for review. Any potential related party transactions that are brought to management's attention are analysed by the Legal Compliance Department and/or Finance Department, in consultation with Credit Review and Risk Assessment ("CRRA") Committee and with outside counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a RRPT requiring compliance with the Policy.

CRRA Committee will review all RRPT presented by Legal Compliance Department and/or Finance Department. Decision shall be made by the majority of CRRA Committee. The interested Executive Directors will abstain from deliberation and voting at the meeting of CRRA Committee.

In the event of potential or questionable transactions or situations, the CRRA Committee will perform, among others, background checks to obtain relevant information to satisfy and ascertain the nature of the transaction.

- (c) Records are maintained by RGBI Group to capture all RRPT, which are entered into pursuant to the shareholders' mandate. Reports thereof are circulated to the AC on quarterly basis for its notation, review and monitoring of such RRPT.
- (d) Annual declaration made by the Directors of RGBI in writing, if there are any undisclosed related party transaction and conflict of interest situations involving their interest, either directly or indirectly. All Directors, nominees for Directors and key executive officers shall promptly notify the Board in writing of any interest such person or an immediate family member of such person had, has or may have in RRPT.
- (e) The AC, as deemed appropriate, shall review the Policy to ascertain that the guidelines and procedures established to monitor RRPT have been complied with.
- (f) The Board and the AC have reviewed the procedures and shall continue to review the procedures as and when required, with the authority to sub-delegate to CRRA Committee, as they deem appropriate. If a member of the Board or the AC has an interest in the transaction to be reviewed by the Board or the AC as the case may be, he/she will abstain from any decision-making by the Board or the AC in respect of the transaction.
- (g) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or qualities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
- (h) In the event that a quotation or comparative pricing from unrelated third party cannot be obtained, for instance where the vendor is the sole distributors/agents or an in-depth knowledge, understanding and evaluation of the requirements of the industry are critical for the product/service offered, the transaction price will be determined based on the usual business practice of the Group to ensure that the RRPT is not detrimental to the Group.

## **2.7 Threshold for Approval of RRPT**

There are no specific thresholds for approval of RRPT within the Group. However, all RRPT are subject to the review and/or approval of the appropriate level of authority pursuant to the procedures as disclosed in Section 2.6 above set by the AC, subject to the provisions in the Listing Requirements and/or the Act and depending on the type of transactions, to ensure the RRPT will be carried out at arm's length basis and on 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.

## **2.8 Deviation from mandate**

The actual value of RRPT did not exceed 10% of the estimated value as approved under the previous shareholders' mandate granted to the Company at the 16<sup>th</sup> AGM.

## **2.9 Statement by the AC**

The AC of RGBI has seen and reviewed the procedures mentioned in section 2.6 above and is of the opinion that the above-mentioned procedures, as well as the periodic reviews to be made by the AC in relation thereto, are sufficient to ensure that the RRPT are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.

The AC is also of the view that RGBI Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and such procedures and processes are reviewed by the AC and/or the management staff as and when necessary.

## **3.0 RATIONALE FOR, AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will enable the Group to enter into RRPT, which are in the ordinary course of the Group's businesses, on normal commercial terms that 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. It is envisaged that in the ordinary course of the Group's business, the RRPT between the Group and the Related Parties are likely to occur from time to time and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT.

The Proposed Shareholders' Mandate will enable the Group to continue to carry out RRPT necessary for the Group's day-to-day operations thus enhancing the Group's ability to pursue business opportunities which are time-sensitive in nature in a more efficient manner by transacting with the Related Parties. The Group will have an advantage of familiarity with the background, management and the financial well-being of the Related Parties which will enable a more informed commercial decision to be made by the Group on a timely manner.

The shareholders' mandate and the renewal thereof on an annual basis would eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT of a revenue or trading nature arise, thereby reducing substantial administrative time and costs associated with the convening of such general meetings, without compromising the corporate objective or adversely affecting the business opportunities available to RGBI Group.

## **4.0 CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is conditional upon approval being obtained from shareholders at the forthcoming 17<sup>th</sup> AGM.

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

## **5.0 EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is not expected to have any effect on the issued and paid-up share capital, shareholdings of major shareholders of the Company.

The Proposed Shareholders' Mandate is also not expected to have any material effects on earnings and net assets of RGBI Group for the FYE 31 December 2020.



## 6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and indirect interest of the interested Major Shareholder and the interested Directors of RGBI and Persons Connected with them as at 15 May 2020 are summarised below:

Interested Major Shareholder of RGBI	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,404,342 <sup>(1)</sup>	0.16

Note:

<sup>(1)</sup> Deemed interested pursuant to Section 8 of the Act.

Interested Directors of RGBI	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,805,141 <sup>(1)</sup>	0.18
Datuk Lim Tow Boon	7,589,142	0.49	-	-

Note:

<sup>(1)</sup> Deemed interested pursuant to Section 8 of the Act and the shareholdings of his spouse, Datin Seri Tan Soon Kim and his son, Chuah Eng Meng in RGBI.

Interested Directors of RGBI's subsidiary	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Mazlan Ismail	57,142,857	3.70	-	-
Chuah Kim Chiew	31,730,507	2.06	2,475,884 <sup>(1)</sup>	0.16

Note:

<sup>(1)</sup> Deemed interested pursuant to Section 8 of the Act and the shareholdings of his daughter, Chuah Tong Yi in RGBI.

Interested Persons Connected to Interested Directors and Interested Major Shareholder of RGBI	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Datin Tok Moy	-	-	-	-
Chuo Ah Ngau	96,000	0.01	-	-
Chuah Eng Hwa	-	-	-	-
Chuah Eng Meng	229,371	0.01	-	-

The abovementioned Interested Major Shareholder will abstain and has undertaken to ensure that Persons Connected with him will abstain from voting, deliberating or approving in respect of his/their direct and indirect interests in the Company on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 17<sup>th</sup> AGM.

The interested Directors namely, Dato' Seri Chuah Kim Seah, Datuk Lim Tow Boon, Mazlan Ismail and Chuah Kim Chiew had abstained and will continue to abstain from board deliberation (including at subsidiary level, as appropriate) and voting in respect of their direct and indirect interests in RGBI on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in which they are interested at the Board level and at the forthcoming 17<sup>th</sup> AGM.

The interested Directors have undertaken to ensure that all the Persons Connected to them will abstain from voting in respect of their direct and/or indirect interests in the Company on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 17<sup>th</sup> AGM.

Save as disclosed above, none of the other Directors and Major Shareholders of RGBI and/or Persons Connected with them, has any interest, direct or indirect in the Proposed Shareholders' Mandate.

## **7.0 BOARD OF DIRECTORS' RECOMMENDATION**

The Board of Directors (with the exception of Dato' Seri Chuah Kim Seah and Datuk Lim Tow Boon who had abstained from expressing any opinion and recommendation in relation to the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that it is in the best interest of RGBI Group and accordingly, recommend that you vote in favour of the ordinary resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming 17<sup>th</sup> AGM.

## **8.0 AGM**

The 17<sup>th</sup> AGM, the notice of which is enclosed in the Annual Report 2019, will be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Tuesday, 8 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification to the ordinary resolution to give effect to the Proposed Shareholders' Mandate under the Special Business in the 17<sup>th</sup> AGM.

If you are unable to attend and vote at the 17<sup>th</sup> AGM, please complete the Form of Proxy and forward it to the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia, so as to arrive at least forty-eight (48) hours before the time fixed for the holding of the 17<sup>th</sup> AGM or any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 17<sup>th</sup> AGM should you subsequently wish to do so.

## **9.0 FURTHER INFORMATION**

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

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

**DATO' MAHINDER SINGH DULKU**  
Independent Non-Executive Chairman

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO  
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**



## **RGB INTERNATIONAL BHD.**

Registration No. 200301001411 (603831-K)  
(Incorporated in Malaysia)

### **STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

#### **1. INTRODUCTION**

At the Company's Extraordinary General Meeting held on 28 November 2019, the Board had obtained shareholders' approval to undertake the share buy-back of up to 10% of the total number of issued shares of the Company. This authority will, in accordance with Chapter 12 of the Listing Requirements, lapse at the conclusion of forthcoming AGM unless a renewal of authority of share buy-back is obtained from the shareholders of the Company at the forthcoming AGM.

On 18 May 2020, the Company made announcement to Bursa Securities that the Company proposes to seek its shareholders' approval for the Proposed Renewal of Authority for the Company to Buy-Back its Own Shares at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Authority for Share Buy-Back and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM.

**SHAREHOLDERS OF RGBI ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT INCLUDING THE APPENDIX CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING AGM**

#### **2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

##### **2.1 Proposed Share Buy-back**

The Company proposes to seek the authority from shareholders of RGBI to renew the authority to enable the Company to purchase and/or hold from time to time and at any time up to 10% of the total number of issued shares of the Company as at the point of purchase. In accordance with Section 127 of the Act, and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on the Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

##### **2.2 Maximum number or percentage of RGBI Shares to be purchased**

As at LPD, the Company has purchased a total of 4,784,800 RGBI Shares which are held as treasury shares. The total number of issued shares of the Company as at LPD, before adjusting for treasury shares, was 1,548,245,697 RGBI Shares. For illustration purpose, 10% of the total number of issued shares of the Company as at LPD is 154,824,569 RGBI Shares. Hence, the maximum number of RGBI Shares which may be purchased and/or held as treasury shares by the Company is 154,824,569 RGBI Shares. The maximum 154,824,569 RGBI Shares which may be purchased by the Company would include the 4,784,800 RGBI Shares already held as treasury shares. None of the RGBI Shares bought back have been cancelled.

The Proposed Renewal of Authority for Share Buy-Back, if approved, will be effective upon the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:

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

The shareholders' approval for the Proposed Renewal of Authority for Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the Proposed Share Buy-Back will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

The Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares. However, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

### **2.3 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 2019, the reserves/retained earnings of the Company stood at approximately RM17,104,194. 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 RGBI 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 RGBI Shares to be purchased and other relevant cost factors. The actual number of RGBI Shares to be purchased and/or to be held, 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. In the event that the Company purchases and holds its own shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Group.

### **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:-

- (a) to cancel the Purchased Shares;
- (b) to retain the Purchased Shares as treasury shares; or
- (c) 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:

- (a) distribute the Purchased Shares as dividends to RGBI shareholders, such dividends to be known as "share dividends";
- (b) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme;
- (d) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (e) cancel the Purchased Shares or any of the Purchased Shares; or
- (f) 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 RGBI Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

## 2.5 Purchase/ Resale/ Transfer Price

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 15% above the weighted average market price of RGBI Shares for the five (5) Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell any treasury shares on Bursa Securities or transfer 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 RGBI Shares for the five (5) Market Days immediately before the date of the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price of RGBI Shares for the five (5) Market Days immediately before the date of the resale or transfer, provided that:
  - (i) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the RGBI Shares being resold or transferred.

## 2.6 Implications relating to the Rules

In the event that the Company acquires the full number of the RGBI Shares authorised under the Proposed Share Buy-Back and all the RGBI Shares so acquired are held as treasury shares, the equity interest of the substantial shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Rule 4 of Part B of the Rules, an exemption will be sought from the SC under Paragraph 4.15 of Part B of the Rules before the purchase is made.

Pursuant to Paragraph 4.01 of Part B of the Rules, if the equity interest of any one of the substantial shareholders and their respective parties acting in concert increases to more than 33% but not more than 50% of the voting shares of RGBI and such that their shareholdings of RGBI increases in a period of six (6) months from the dates of purchase by more than 2%, the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining RGBI Shares not held by the said affected substantial shareholder and parties acting in concert.

SC may grant a waiver to undertake a mandatory offer under Paragraph 4.15 of Part B of the Rules, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The Substantial Shareholders of RGBI as disclosed in Section 5.6 herein have indicated that they intend to apply for the proposed exemption under Paragraph 4.15 of Part B of the Rules if the obligation is expected to be triggered as a result of the Proposed Share Buy-Back. The effects of the Proposed Share Buy-Back on their shareholdings are set out in Section 5.6 herein.

## 2.7 Purchase, resale and cancellation of RGBI Shares made in the preceding twelve (12) months

The Company has made the following purchase of RGBI Shares in the preceding twelve (12) months:-

Date of Purchased	No. of Shares Purchased	Highest Price Paid (RM)	Lowest Price Paid (RM)	Average Price Paid (RM)	Total Consideration Paid (RM)
02 Jan 2020	1,150,000	0.180	0.180	0.180	207,522.88
08 Jan 2020	2,300,000	0.175	0.175	0.175	403,516.72
06 Mar 2020	1,000,000	0.180	0.180	0.180	180,454.68
12 Mar 2020	334,800	0.150	0.150	0.150	50,346.86

As at LPD, the Company has bought back 4,784,800 ordinary shares from the open market. There was no cancellation or re-sale of RGBI Shares held as treasury shares in the preceding twelve (12) months. The entire shares bought back were retained as treasury shares.

## 2.8 Historical prices of RGBI shares

The monthly highest and lowest market prices of RGBI Shares traded on Bursa Securities for the preceding twelve (12) months from April 2019 to May 2020 are as follows:-

Year	Month	High RM	Low RM
2019	April	0.207	0.193
	May	0.198	0.184
	June	0.198	0.179
	July	0.212	0.189
	August	0.195	0.181
	September	0.185	0.166
	October	0.181	0.161
	November	0.181	0.161
	December	0.181	0.166
2020	January	0.200	0.166
	February	0.210	0.176
	March	0.190	0.098
	April	0.155	0.120
	May	0.140	0.135

(Source: Bloomberg)

The last transacted price of the shares on 15 May 2020, being LPD prior to the printing of this Statement is RM0.135.

## 2.9 Public shareholding spread of RGBI

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 973,509,529 RGBI Shares, representing approximately 62.88%.

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

## 3. RATIONALE OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Proposed Share Buy-Back will enable RGBI 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 RGBI 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 exercised only after taking into consideration, amongst others, the financial resources of RGBI 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 exercising the Proposed Share Buy-Back.

#### 4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

##### 4.1 Potential advantages of the Proposed Renewal of Authority for Share Buy-Back

- (i) The Proposed Share Buy-Back, if exercised, will allow the Company to take preventive measures against speculation which would in turn, stabilise the market price of RGBI Shares and hence, enhance investor's 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 Renewal of Authority for 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 emerge 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.
- (iii) The working capital of the Group will also be affected, as any purchase of RGBI Shares will reduce the Group cashflow depending on the actual number of shares purchased and the purchase price.

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 exercised 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 RGBI 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 RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Assuming that the Proposed Share Buy-Back is exercised in full, by the Company, the effects of the Proposed Share Buy-Back on the number of issued shares, EPS, net assets, working capital and dividend are as set out below.

##### 5.1 Issued Shares

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 shares that may be purchased under the Proposed Share Buy-Back are purchased and retained as treasury shares, there would be no effect on the share capital of RGBI. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

The Proposed Share Buy-Back will reduce the issued share capital if the RGBI Shares so purchased are cancelled. The effect of the maximum number of shares to be bought back as permitted under the Proposed Share Buy-Back based on the issued share capital as at LPD assuming the RGBI Shares so purchased are cancelled, is illustrated below:

	<b>No. of Shares</b>
Issued share capital as at the LPD	1,548,245,697
Less: Maximum number of RGBI Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(154,824,569)
<b>Issued share capital after the Proposed Share Buy-Back</b>	<b>1,393,421,128</b>



## **5.2 EPS**

The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase price of RGBI 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 purposes of computing the EPS. Hence, the Proposed Share Buy-Back will improve the EPS of RGBI, which in turn is expected to have a positive influence on the market price of RGBI 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 RGBI 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.

## **5.3 Net Assets**

The effect of the share repurchase on the net assets per share of the RGBI Group is dependent on the number of RGBI Shares which the Company will buy-back, purchase price of the RGBI Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.

If the maximum number of RGBI Shares purchased is cancelled, the share repurchase would reduce the net assets per share of the RGBI Group if the purchase price exceeds the net assets per share at the relevant point in time. Conversely, the net assets per share of the RGBI Group would increase if the purchase price is less than the net assets per share at the relevant point in time.

If the RGBI Shares are retained as treasury shares, the net assets per share would increase/decrease depending on the purchase price of the RGBI Shares. The NA per share of RGBI Group would reduce if the purchase price exceeds the net assets per share and vice versa.

If the treasury shares are resold on Bursa Securities, the net assets per RGBI Share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the net assets per RGBI Share will decrease by the cost of the treasury shares.

## **5.4 Working capital**

The Proposed Share Buy-Back will result in cash outflow and thereby reducing the working capital of the RGBI Group, the quantum of which depends on, amongst others, the number of RGBI Shares repurchased, the purchase price of the RGBI Shares and any associated costs incurred in making the purchase.

However, if the Purchased Shares kept as treasury shares are resold on Bursa Securities, the working capital of the Group would increase if the Company realises a gain from the resale. The quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares resold. Nevertheless, the Board will take into consideration, the interests of RGBI and its shareholders as well as to assess the working capital requirements of the Group prior to the Proposed Share Buy-Back.

## **5.5 Dividend**

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 reduce the amount of distributable reserves for dividend payment in the immediate future. Notwithstanding the above, the RGBI 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.

## 5.6 Substantial shareholder and directors' shareholdings

For illustration purposes only, based on the Record of Depositors as at the LPD and assuming the repurchase of RGBI 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 No. of Shares	Direct No. of Shares	Indirect No. of Shares
Dato' Seri Chuah Kim Seah	455,757,473	2,805,141 <sup>3</sup>	455,757,473	2,805,141 <sup>3</sup>
<b>Directors</b>				
Dato' Mahinder Singh Dulku	1,374,285	-	1,374,285	-
Datuk Lim Tow Boon	7,589,142	-	7,589,142	-
Madam Lam Voon Kean	3,428,571	-	3,428,571	-
Tan Sri Norazman Bin Hamidun	4,548,571	-	4,548,571	-
	29.53	0.18	32.71	0.20
	0.09	-	0.10	-
	0.49	-	0.54	-
	0.22	-	0.25	-
	0.29	-	0.33	-

### Notes:-

<sup>1</sup> Based on the number of 1,543,460,897 issued Shares of RGBI excluding treasury shares.

<sup>2</sup> Based on the number of 1,393,421,128 issued Shares of RGBI.

<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.

## **6. APPROVALS REQUIRED**

The Proposed Share Buy-Back is subject to and conditional upon the shareholders' approval at an AGM of RGBI 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 AGM 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 RGBI 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 AGM.

## **9. AGM**

The 17<sup>th</sup> AGM, the notice of which is enclosed in the Annual Report 2019, will be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Tuesday, 8 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification to the ordinary resolution to give effect to the Proposed Renewal of Authority for Share Buy-Back under the Special Business in the 17<sup>th</sup> AGM.

If you are unable to attend and vote at the 17<sup>th</sup> AGM, please complete the Form of Proxy and forward it to the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia, so as to arrive at least forty-eight (48) hours before the time fixed for the holding of the 17<sup>th</sup> AGM or any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 17<sup>th</sup> AGM should you subsequently wish to do so.

## **10. FURTHER INFORMATION**

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

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**FURTHER INFORMATION****1. DIRECTOR'S RESPONSIBILITY STATEMENT**

This Circular/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 material facts, the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any material litigation, claim and arbitration whether, as plaintiff or defendant, and the Directors have no knowledge of any proceeding pending or threatened against the Group or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company and its subsidiaries.

**3. MATERIAL CONTRACTS**

Neither the Company nor any of its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular/Statement.

**4. 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 the normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to the time set for convening the 17<sup>th</sup> AGM:-

- (a) Constitution of RGBI; and
- (b) Audited consolidated financial statements of RGBI for the past two (2) FYE 31 December 2018 and 31 December 2019.