

**THIS CIRCULAR/STATEMENT 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.

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**RGB INTERNATIONAL BHD.**

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

**PART A**

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

**PART B**

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

The resolutions in respect of the above proposals will be tabled as Special Business at the Twentieth (20<sup>th</sup>) Annual General Meeting (“AGM”) of the Company. The notice convening the 20<sup>th</sup> AGM of the Company together with the Form of Proxy are set out in the Annual Report 2022.

The Form of Proxy must be completed and deposited at the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 20<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 | : Wednesday, 24 May 2023 at 10.00 a.m.   |
| Date and time of 20 <sup>th</sup> AGM            | : Friday, 26 May 2023 at 10.00 a.m.  |
| Venue of 20 <sup>th</sup> AGM                    | : Sri Mas 2 (Ballroom), Level 4, Bayview Hotel<br>Georgetown Penang, 25A Farquhar Street, 10200<br>George Town, Penang, Malaysia |

This Circular is dated 28 April 2023

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## DEFINITIONS

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

|                                    |   |
|------------------------------------|---|
| <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>Code</b>                        | – Malaysian Code on Take-Overs and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time   |
| <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 for the purpose of the Proposed Shareholders' Mandate, 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 or a Chief Executive Officer of RGBI Group  |
| <b>EPS</b>                         | – Earnings per share  |
| <b>FYE</b>                         | – Financial year ended/ending   |
| <b>Listing Requirements</b>        | – Main Market Listing Requirements of the Bursa Securities, as amended from time to time and any re-enactment thereof   |
| <b>LPD</b>                         | – 31 March 2023, being the latest practicable date prior to printing of this document   |
| <b>Major Shareholder</b>           | – 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:<br><br>(a) 10% or more of the total number of voting shares in the corporation; or<br><br>(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.<br><br>For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act. 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 RGBI Group |
| <b>Person(s) Connected</b>         | – Shall have the same meaning given in Chapter 1.01 of the Listing Requirements   |
| <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 renewal of authority for RGBI to purchase up to 10% of its total number of issued Shares   |

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**DEFINITIONS (CONTD)**

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|                                       |  |
|---------------------------------------|--|
| <b>Proposed Shareholders' Mandate</b> | – Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions to be entered into by RGBI Group from the date of the forthcoming 20 <sup>th</sup> AGM to the next AGM                                    |
| <b>Purchased Share(s)</b>             | – RGBI 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>Related Party(ies)</b>             | – Director(s), Major Shareholder(s) and/or Person(s) connected with such Director(s) or Major Shareholder(s) 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>RM and sen</b>                     | – Ringgit Malaysia and sen, respectively   |
| <b>RRPT(s)</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>SC</b>                             | – Securities Commission Malaysia   |
| <b>Substantial Shareholder</b>        | – A person who has an interest or interests in one or more voting Shares in the Company and the number or the aggregate number of those Shares is not less than 5% of the total number of all the voting Shares in the Company |
| <b>Treasury Shares</b>                | – The Purchased Shares which are retained by the Company and shall have the meaning given under Section 127 of the Act   |

All references to "our Company" in this document are to RGBI, and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company, and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this document are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

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

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**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL  
OF 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:**  
Suite 18.05, MWE Plaza,  
No. 8, Lebuhr Farquhar,  
10200 George Town,  
Penang, Malaysia

28 April 2023

### Board of Directors

|                                 |   |
|---------------------------------|---|
| Dato' Seri 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 SHAREHOLDERS' MANDATE

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#### 1.0 INTRODUCTION

Our Company had, at its AGM held on 21 June 2022, obtained shareholders' mandate for RGBI Group to enter into the RRPT 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 shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 20<sup>th</sup> AGM which will be held on 26 May 2023 unless it is renewed at the said AGM.

In relation thereto, the Company had, on 18 April 2023, announced its intention to seek its shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming 20<sup>th</sup> AGM of the Company.

The purpose of this circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 20<sup>th</sup> AGM of the Company. The Notice of the 20<sup>th</sup> AGM and the Form of Proxy are set out in the Annual Report 2022 which are available on the Company's corporate website at <http://www.rgbgames.com/home/annual-report.html>.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 20<sup>TH</sup> AGM.**

#### 2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

##### 2.1 Introduction

Pursuant to Part E, Paragraph 10.09(2) of the Listing Requirements, our Company may seek our shareholders' mandate with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to, among others, the following:

- (a) the transactions are in the ordinary course of business of our Group and are on terms not more favourable to the Related Parties 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:
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (ii) the percentage ratios of such RRPT is 1% or more,
 whichever is the higher;
- (c) the circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain the shareholders' mandate, the interested Director(s), interested Major Shareholder(s) or interested Person(s) 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 RRPT. An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the RRPT; and
- (e) the Company must immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa 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 14 to the audited financial statements for the FYE 31 December 2022 enclosed in the Annual Report 2022.

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. ("RGSB")  | 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. ("RGL")  | 100%                        | Trading and management of gaming and amusement machines and equipment.   |
| RGB Pte. Ltd. (formerly known as RGB (Singapore) Pte. Ltd.) ("RGBPL") | 100%                        | Trading, maintenance 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.   |
| Retro Solutions Sdn. Bhd. ("RTSSB")                                   | 100%                        | Trading, development and support of system software and hardware.  |
| Retro Solutions Pte. Ltd. ("RTSPL")                                   | 100%                        | Trading, development and support of system software and hardware.  |

RGBI Group enters into the RRPT referred 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 20<sup>th</sup> AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM following the 20<sup>th</sup> AGM, at which time it will lapse, unless by a resolution passes at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date it is required to be held by law (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 in a general meeting;

whichever is the earlier.

If the Proposed Shareholders' Mandate is approved, the Company are required to disclose the aggregate value of the RRPTs conducted during the financial year pursuant to the Proposed Shareholders' Mandate in our Annual Report 2023. In making such disclosure, the Company will provide a breakdown of the aggregate value of the RRPTs made during the financial year pursuant to the Proposed Shareholders' Mandate based on the following information:

- (a) type of RRPTs made; and
- (b) names of the Related Parties involved in each type of RRPT entered into and their relationship with the Company.

Details of the RRPT of our Company pursuant to Paragraph 10.09(1) of the Listing Requirements are set out in the ensuing sections.

### 2.4 Classes of Related Parties and Nature of the RRPT

#### 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.  |



## Nature of the RRPT

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:

| Provider of goods and services | Recipient of goods and services | Nature of Transaction   | Estimated aggregate value as disclosed in the Circular to Shareholders dated 29 April 2022 (RM) | Actual value transacted ("Actual Value") <sup>(i)</sup> (RM) | Estimated Value from forthcoming 20 <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  | 5,876,438  | 15,000,000   | 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.<br><br>Datuk Lim Tow Boon is a director of RGBI, RGBSB, RGBL, RGBML, RGBPL, RTSSB, RTSPL, THSA and 1GL. He is also a major shareholder of THSA. |

### 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.
- (v) Provision of management services encompassing advisory works.

**Nature of the RRPT (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 29 April 2022 (RM) | Actual value transacted ("Actual Value") <sup>(i)</sup> (RM) | Estimated Value from forthcoming 20 <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> | 12,000,000  | 111,174  | 12,000,000   | <p>Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL and RGBML. He is a major shareholder of RGBI and CPSB. He is also a person connected to Datin Tok Moy, Dato' Chuah Kim Chiew, Chuah Eng Hwa and Chuah Eng Meng.</p> <p>Dato' Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB. He is a person connected to Datin Tok Moy and Dato' Seri Chuah Kim Seah.</p> <p>Chuah Eng Hwa is a director of RGBML, MCSB, RTSSB and CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.</p> <p>Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah, Dato' Chuah Kim Chiew and Chuo Ah Ngau.</p> <p>Chuah Eng Meng is a director of CPSB and a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.</p> <p>Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.</p> |

**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 RRPT (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 29 April 2022 (RM) | Actual value transacted ("Actual Value") <sup>(i)</sup> (RM) | Estimated Value from forthcoming 20 <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> | 12,000,000  | 3,450,707  | 12,000,000   | Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSB, RGBL and RGBML. He is a major shareholder of RGBI and CPPL. He is also a person connected to Dato' Chuah Kim Chiew, Chuah Eng Hwa and Chuah Eng Meng.<br><br>Datuk Lim Tow Boon is a director of RGBI, RGBSB, RGBL, RGBML, RGBPL, RTSSB, RTSPL and CPPL.<br><br>Dato' Chuah Kim Chiew is a director of RGBSB, RGBL, MCSB and CPPL. He is also a major shareholder of CPPL and a person connected to Dato' Seri Chuah Kim Seah.<br><br>Chuah Eng Hwa is a director of RGBML, RTSSB and MCSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.<br><br>Chuah Eng Meng is a director of CPPL and 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 of technical support, maintenance and management of gaming and amusement machines and equipment.

**Nature of the RRPT (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 29 April 2022 (RM) | Actual value transacted ("Actual Value") <sup>(i)</sup> (RM) | Estimated Value from forthcoming 20 <sup>th</sup> AGM to next AGM <sup>(ii)</sup> (RM) | Related Parties   |
|--------------------------------|--|---|---|--|--|---|
| RGBI Group                     | CPSB                                       | Sale of products <sup>(iii)</sup> , maintenance charges and technical fee <sup>(iv)</sup> | 12,000,000  | 6,027,618  | 12,000,000   | <p>Dato' Seri Chuah Kim Seah is a director of RGBI, RGBSSB, RGBL and RGBML. He is a major shareholder of RGBI and CPSB. He is also a person connected to Datin Tok Moy, Dato' Chuah Kim Chiew, Chuah Eng Hwa and Chuah Eng Meng.</p> <p>Dato' Chuah Kim Chiew is a director of RGBSSB, RGBL and MCSB. He is a person connected to Datin Tok Moy and Dato' Seri Chuah Kim Seah.</p> <p>Chuah Eng Hwa is a director of RGBML, MCSB, RTSSB and CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng.</p> <p>Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah, Dato' Chuah Kim Chiew and Chuo Ah Ngau.</p> <p>Chuah Eng Meng is a director of CPSB and a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.</p> <p>Chuo Ah Ngau is a director of RGBSSB and a person connected to Datin Tok Moy.</p> |

**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) Technical fee would include fee charged on repair and maintenance of gaming and amusement machines.

## 2.5 Amount Due and Owing by Related Parties

As at the FYE 31 December 2022, the outstanding amount due and owing to RGBI Group arising from RRPT as per Section 2.4 above which has exceeded the credit term are as follows:

| No. | Transacting Parties | Exceeding credit term but $\leq$ 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                | 1,065,018                               | -             | -                   | -             | -                    | -             | -              | -             |
| 2   | THSA                | -                                       | -             | -                   | -             | -                    | -             | -              | -             |
|     | Total               | 1,065,018                               | -             | -                   | -             | -                    | -             | -              | -             |

There were no interest and late payment charges imposed on the overdue amounts as the Board is of the opinion that the outstanding amount is not substantial and the above total outstanding amount of RM1,065,018 has 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 Review procedures in relation to RRPTs

RGBI Group has established various procedures to ensure that the RRPT are conducted at arm's length and on normal commercial terms, which are consistent with RGBI Group's business practices and policies, and on terms not more favourable to the Related Parties 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 & Risk Assessment ("CRR") 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 19<sup>th</sup> AGM.

## **2.9 Statement by the AC**

The AC 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 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. This would create mutual benefits for the Group, such as expediency and increase efficiency necessary for day-to-day operations.

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 Proposed Shareholders' Mandate and the renewal thereof on an annual basis will enable the Group to carry out RRPT necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the necessity to announce and 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 APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon approval being obtained from shareholders at the forthcoming 20<sup>th</sup> AGM.

### 5.0 EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the 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 2023.

### 6.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

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

| Interested Major Shareholder of RGBI | Direct                 |       | Indirect                 |      |
|--------------------------------------|------------------------|-------|--------------------------|------|
|                                      | No. of ordinary shares | %     | No. of ordinary shares   | %    |
| Dato' Seri Chuah Kim Seah            | 456,257,473            | 29.61 | 2,404,342 <sup>(1)</sup> | 0.16 |

Note:

<sup>(1)</sup> Deemed interested through his shareholdings in Manju Sdn. Bhd. by virtue of Section 8 of the Act.

| Interested Directors of RGBI | Direct                 |       | Indirect                 |      |
|------------------------------|------------------------|-------|--------------------------|------|
|                              | No. of ordinary shares | %     | No. of ordinary shares   | %    |
| Dato' Seri Chuah Kim Seah    | 456,257,473            | 29.61 | 2,805,141 <sup>(1)</sup> | 0.18 |
| Datuk Lim Tow Boon           | 7,089,142              | 0.46  | -                        | -    |

Note:

<sup>(1)</sup> Deemed interested through his shareholdings in Manju Sdn. Bhd. by virtue of 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   | %    |
| Dato' Chuah Kim Chiew                     | 31,730,507             | 2.06 | 2,475,884 <sup>(1)</sup> | 0.16 |
| Chuah Eng Hwa                             | -                      | -    | -                        | -    |
| Chuo Ah Ngau                              | -                      | -    | -                        | -    |

Note:

<sup>(1)</sup> Deemed interested through his shareholdings in Manju Sdn. Bhd. by virtue of 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   | -                      | -    | -                        | -    |
| Dato' Chuah Kim Chiew   | 31,730,507             | 2.06 | 2,475,884 <sup>(1)</sup> | 0.16 |
| Chuah Eng Hwa   | -                      | -    | -                        | -    |
| Chuah Eng Meng  | 229,371                | 0.01 | -                        | -    |
| Chuo Ah Ngau  | -                      | -    | -                        | -    |

Note:

<sup>(1)</sup> Deemed interested through his shareholdings in Manju Sdn. Bhd. by virtue of Section 8 of the Act and the shareholdings of his daughter, Chuah Tong Yi in RGBI.

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 20<sup>th</sup> AGM.

The interested Directors namely, Dato' Seri Chuah Kim Seah and Datuk Lim Tow Boon 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 20<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 20<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' OPINION AND RECOMMENDATION**

The Board of Directors (with the exception of Dato' Seri Chuah Kim Seah and Datuk Lim Tow Boon who have 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 20<sup>th</sup> AGM.

## **8.0 DETAILS OF THE 20<sup>TH</sup> AGM**

The 20<sup>th</sup> AGM of RGBI, the notice of which is enclosed in the Annual Report 2022, will be held at Sri Mas 2 (Ballroom), Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Friday, 26 May 2023 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate under Special Business.

If you are unable to attend and vote at the 20<sup>th</sup> AGM, please complete the Form of Proxy and forward it to the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Penang, Malaysia, so as to arrive at least forty-eight (48) hours before the time fixed for the holding of the 20<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 20<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' SERI MAHINDER SINGH DULKU**  
Independent Non-Executive Chairman

**PART B**

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



## **RGB INTERNATIONAL BHD.**

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

### **SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR RGBI TO PURCHASE ITS OWN SHARES**

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#### **1. INTRODUCTION**

At the 19<sup>th</sup> AGM held on 21 June 2022, our Company had obtained shareholders' approval for the renewal of authority for RGBI to undertake the share buy-back of up to 10% of its total number of issued shares. This authority shall, in accordance with Chapter 12 of the Listing Requirements, lapse at the conclusion of forthcoming 20<sup>th</sup> AGM which will be held on 26 May 2023 unless the authority is renewed at the said AGM.

In relation thereto, the Company had, on 18 April 2023, announced its intention to seek its shareholders' approval for the Proposed Share Buy-Back at the forthcoming 20<sup>th</sup> AGM.

The purpose of this statement is to provide you with details of the Proposed Share Buy-Back and sets out the Board's recommendation thereon. RGBI will be seeking its shareholders' approval for the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 20<sup>th</sup> AGM. The Notice of the 20<sup>th</sup> AGM and the Form of Proxy are set out in the Annual Report 2022 which are available on the Company's corporate website at <http://www.rgbgames.com/home/annual-report.html>.

**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 SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 20<sup>TH</sup> AGM.**

#### **2. INFORMATION OF THE PROPOSED SHARE BUY-BACK**

##### **2.1 Details of the Proposed Share Buy-Back**

The Company proposes to seek the authority from shareholders of RGBI for a renewal of the authority to enable the Company to purchase up to 10% of the total number of issued shares of the Company at any point of time within the time period stated in Section 2.2 of this statement. Such purchase is subject to compliance with the provisions of the Act and any Prevailing Laws, rules, regulations, guidelines and requirements issued by the relevant authorities at the time of purchase.

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

As at LPD, the Company has purchased a total of 7,393,000 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 7,393,000 RGBI Shares already held as Treasury Shares. None of the RGBI Shares bought back have been cancelled.

The Proposed Share Buy-Back, if approved, will be effective upon the passing of the ordinary resolution at the forthcoming 20<sup>th</sup> AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM at which time the authority will lapse, unless the authority is renewed by an ordinary resolution passed at that meeting; or

- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The shareholders' approval for the Proposed 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.

### **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.

Therefore, the Board proposes that the maximum amount of funds to be utilised for any purchase of the RGBI Shares shall not exceed the aggregate of the Company's retained profits. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2022, the retained profits of the Company was RM17,112,737, a portion of which may be available for distribution to our Company to facilitate the share purchase, if required.

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 of the shares.

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 five percent (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 thirty (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 Code**

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 Code, an exemption will be sought from the SC under Paragraph 4.15 of Part B of the Code before the purchase is made.

Pursuant to Paragraph 4.01 of Part B of the Code, 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 Code, 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 Code, 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) |
|-------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------------|
| 20.10.2022        | 452,800                 | 0.130                   | 0.130                  | 0.130                   | 59,093.77                     |
| 02.11.2022        | 466,700                 | 0.135                   | 0.135                  | 0.135                   | 63,251.72                     |
| 03.11.2022        | 1,000,000               | 0.135                   | 0.135                  | 0.135                   | 135,526.50                    |
| 04.11.2022        | 387,100                 | 0.140                   | 0.140                  | 0.140                   | 54,406.57                     |
| 15.11.2022        | 301,600                 | 0.150                   | 0.150                  | 0.150                   | 45,417.58                     |

As at LPD, the Company has bought back 7,393,000 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 Purchased Shares 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 2022 to March 2023 are as follows:

| Year | Month     | High RM | Low RM |
|------|-----------|---------|--------|
| 2022 | April     | 0.120   | 0.105  |
|      | May       | 0.125   | 0.110  |
|      | June      | 0.120   | 0.105  |
|      | July      | 0.110   | 0.100  |
|      | August    | 0.110   | 0.100  |
|      | September | 0.145   | 0.100  |
|      | October   | 0.135   | 0.125  |
|      | November  | 0.170   | 0.130  |
|      | December  | 0.190   | 0.160  |
| 2023 | January   | 0.245   | 0.180  |
|      | February  | 0.250   | 0.180  |
|      | March     | 0.220   | 0.180  |

(Source: investing.com)

The last transacted price of the RGBI Shares as at LPD is RM0.195.

## 2.9 Public Security Holding Spread

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public security holders ("**Required Public Security Holding Spread**"). The Exchange may accept a percentage lower than 25% if it is satisfied that such lower percentage is sufficient for a liquid market in such securities.

Based on the Record of Depositors of the Company as at the LPD, the public security holding spread of the Company was 64.36% of the total number of issued Shares. Assuming that the Proposed Renewal of Share Buy-Back Authority was carried out in full and the Purchased Shares were all cancelled, the public security holding spread of the Company would be reduced to 60.59% on the basis that the Shares held by the Directors, Substantial Shareholders of the Company and persons connected with them remained unchanged.

The Board will endeavour to ensure that prior to any Share Buy-Back, the public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements is maintained.

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

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

The Proposed Share Buy-Back, is likely to potentially benefit RGBI and its shareholders in the following manner:

- (i) To 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 Share Buy-Back**

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

- (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 cash flow 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 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>Resultant share capital</b>  | <b><u>1,393,421,128</u></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 net assets 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's 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's and Directors' are as follows:

|   | Shareholdings as at the LPD |                           | After the Proposed Share Buy-Back |                           |
|---|-----------------------------|---------------------------|-----------------------------------|---------------------------|
|   | Direct<br>No. of Shares     | Indirect<br>No. of Shares | Direct<br>No. of Shares           | Indirect<br>No. of Shares |
| <b>Substantial shareholder and Director</b> |                             |                           |                                   |                           |
| Dato' Seri Chuah Kim Seah                   | 456,257,473                 | 2,805,141 <sup>3</sup>    | 456,257,473                       | 2,805,141 <sup>3</sup>    |
|   | 29.61                       | 0.18                      | 32.74                             | 0.20                      |
|   | % <sup>1</sup>              | % <sup>1</sup>            | % <sup>2</sup>                    | % <sup>2</sup>            |
| <b>Directors</b>                            |                             |                           |                                   |                           |
| Dato' Seri Mahinder Singh Dulku             | 824,285                     | -                         | 824,285                           | -                         |
| Datuk Lim Tow Boon                          | 7,089,142                   | -                         | 7,089,142                         | -                         |
| Madam Lam Voon Kean                         | 3,428,571                   | -                         | 3,428,571                         | -                         |
| Tan Sri Norazman Hamidun                    | 4,548,571                   | -                         | 4,548,571                         | -                         |
|   | 0.05                        | -                         | 0.06                              | -                         |
|   | 0.46                        | -                         | 0.51                              | -                         |
|   | 0.22                        | -                         | 0.25                              | -                         |
|   | 0.30                        | -                         | 0.33                              | -                         |

### Notes:

\*1 Based on the number of 1,540,852,697 issued Shares of RGBI excluding Treasury Shares.

\*2 Based on the number of 1,393,421,128 issued Shares of RGBI.

\*3 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.

**7. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDER 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 RGBI, none of the Directors and/or Substantial Shareholder 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' OPINION AND 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 20<sup>th</sup> AGM.

**9. DETAILS OF THE 20<sup>TH</sup> AGM**

The 20<sup>th</sup> AGM of RGBI, the notice of which is enclosed in the Annual Report 2022, will be held at Sri Mas 2 (Ballroom), Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Friday, 26 May 2023 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate under Special Business.

If you are unable to attend and vote at the 20<sup>th</sup> AGM, please complete the Form of Proxy and forward it to the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Penang, Malaysia, so as to arrive at least forty-eight (48) hours before the time fixed for the holding of the 20<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 20<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 document has been seen and approved by the Board and they 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 document.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents (or copies hereof) are available for inspection at the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Penang, Malaysia during the normal office hours from Mondays to Fridays (except public holidays) from the date of this document up to and including the date of the forthcoming 20<sup>th</sup> AGM:

- (a) Constitution of RGBI; and
- (b) Audited consolidated financial statements of RGBI for the FYE 31 December 2021 and 31 December 2022.