

**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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**RCE CAPITAL BERHAD**

Registration No. 195301000151 (2444-M)  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

**OF A REVENUE OR TRADING NATURE**

**PART B**

**SHARE BUY-BACK STATEMENT**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The resolutions in respect of the above proposals will be tabled as Special Business at the Sixty-Ninth Annual General Meeting ("69th AGM") of the Company which will be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshbsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 7 September 2023 at 10.30 a.m. or at any adjournment thereof. The Notice of the 69th AGM together with the Form of Proxy and the Administrative Guide are available for download from the Company's website at [www.rce.com.my](http://www.rce.com.my). Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely at the 69th AGM.

The Form of Proxy must be completed and lodged at SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the 69th AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshbsb.net.my/> before the aforesaid lodgement cut-off time.

Last date and time for lodging the Form of Proxy  
Date and time of the 69th AGM

: Tuesday, 5 September 2023 at 10.30 a.m.  
: Thursday, 7 September 2023 at 10.30 a.m.

This Circular/Statement is dated 27 July 2023

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## DEFINITIONS

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Unless otherwise stated, the following definitions shall apply throughout this Circular/Statement:

“Act”	Companies Act 2016, including any amendment made from time to time and any re-enactment thereof
“AGM”	Annual General Meeting
“Board”	Board of Directors of RCE
“Bursa Securities”	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“CESB”	Cempaka Empayar Sdn Bhd [Registration No. 199601030573 (402925-M)]
“Code”	Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time
“Director”	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
“EPS”	Earnings per share
“Listing Requirements”	Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time
“LPD”	30 June 2023, being the latest practicable date prior to the issuance of this Circular/Statement
“Major Shareholder”	<p>A person who has an interest or interests in one (1) or more voting shares in a 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 in shares” shall have the meaning given in Section 8 of the Act</p> <p>Major shareholder also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer as defined above or any other corporation which is its subsidiary or holding company</p>
“NA”	Net assets
“Person Connected”	In relation to a Director or a Major Shareholder, means such person who falls under any one of the categories as defined in Paragraph 1.01 of the Listing Requirements
“Proposed Share Buy-Back”	Proposed renewal of the authority for RCE to purchase and/or hold up to 10% of its total number of issued shares
“Proposed Shareholders’ Mandate”	Proposed renewal of shareholders’ mandate for recurrent related party transactions of a revenue or trading nature to be entered into with the Related Parties
“Purchased Shares”	RCE Shares that are purchased pursuant to the Proposed Share Buy-Back

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**DEFINITIONS (Cont'd)**

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“RCE” or “the Company”	RCE Capital Berhad [Registration No. 195301000151 (2444-M)]
“RCE Group” or “the Group”	RCE and its subsidiary companies
“Recurrent Transaction(s)”	Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of RCE Group
“Related Party(ies)”	A Director, Major Shareholder or Person Connected with such Director or Major Shareholder
“RM” and “sen”	Ringgit Malaysia and sen respectively
“RRPT”	Recurrent Related Party Transactions
“Shares” or “RCE Shares”	Ordinary shares in RCE
“Shareholders”	Shareholders of RCE
“Substantial Shareholder”	Shall have the meaning given in Section 136 of the Act
“Treasury Shares”	The Purchased Shares which are retained by the Company and shall have the meaning given under Section 127 of the Act

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**PART A**

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



**RCE CAPITAL BERHAD**  
Registration No. 195301000151 (2444-M)

**Registered Office:**

802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor, Malaysia

27 July 2023

**Board of Directors:**

Shahman Azman (*Non-Independent Non-Executive Chairman*)  
Tan Sri Mazlan bin Mansor (*Independent Director*)  
Datuk Mohamed Azmi bin Mahmood (*Independent Director*)  
Mahadzir bin Azizan (*Independent Director*)  
Thein Kim Mon (*Independent Director*)  
Soo Kim Wai (*Non-Independent Non-Executive Director*)  
Shalina Azman (*Non-Independent Non-Executive Director*)  
Lum Sing Fai (*Non-Independent Non-Executive Director*)

**To: The Shareholders of RCE**

Dear Sir/Madam

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

At the 68th AGM of the Company held on 8 September 2022 ("Last AGM"), the Company had obtained a shareholders' mandate for RCE Group to enter into Recurrent Transactions on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders. The shareholders' mandate for Recurrent Transactions shall lapse at the conclusion of the forthcoming 69th AGM unless renewal is obtained from shareholders of RCE at the 69th AGM.

Accordingly, the Board had on 23 May 2023 announced that RCE proposes to seek shareholders' approval at the forthcoming 69th AGM for the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 69th AGM of RCE. The Notice of the 69th AGM is set out in the Annual Report 2023 of RCE.

Shareholders of RCE are advised to read the contents of this Circular carefully before voting on the resolution pertaining to the Proposed Shareholders' Mandate.

**2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

**2.1 Provision under the Listing Requirements**

Pursuant to paragraph 10.09 of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of the Recurrent Transactions of the listed company and its subsidiaries, 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 the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) issuing of circular to shareholders; and
- (d) in a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders or interested Persons Connected with a Director or Major Shareholder; and where it involves the interest of an interested 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.

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming 69th AGM, will be subject to annual renewal. In this respect, any authority conferred by shareholders in respect of the Proposed Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM 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 RCE in general meeting,
- whichever is the earlier.

## **2.2 Nature of Recurrent Transactions and Classes of Related Parties**

The principal activities of RCE are that of investment holding and provision of management services. The subsidiary companies engage a wide range of activities as follows:

- provision of shariah-compliant and conventional financing services;
- provision of financial administrative services;
- processing and administration of payroll collection;
- confirming and factoring, provision of shariah-compliant financing services, industrial hire-purchase specialising in trade-related activities and general trading; and
- investment of securities.

It is anticipated that RCE and/or its subsidiary companies would, in the ordinary course of business, enter into transactions of a revenue or trading nature with various Related Parties as set out below.

All estimated values of the respective Recurrent Transactions expected to be entered into by RCE Group from the date of the forthcoming 69th AGM until the conclusion of the next AGM of RCE, are estimated with reasonable efforts made in ascertaining their accuracy based on various factors involved in the transactions. However, the actual value of transactions may differ from these estimated value and will be disclosed in the Company's Annual Report, together with the types of Recurrent Transactions entered into, the names of the Related Parties involved in each type of related party transactions and their relationships with RCE Group.

The Recurrent Transactions for which the Proposed Shareholders' Mandate is sought at RCE's forthcoming 69th AGM and the classes of Related Parties interested in the respective Recurrent Transactions are as follows:

Transacting Company	Related Party	Nature of transaction	Existing Shareholders' Mandate		Interested Directors and/or Major Shareholders and/or Persons Connected to them <sup>(5)</sup>	
			Estimated value as disclosed in the Circular to Shareholders dated 27 July 2022 (RM'000)	Actual value transacted from the Last AGM to LPD (RM'000)		
RCE Group	Clear Goal Sdn Bhd ("CGSB") <sup>(1)</sup> and its non-listed subsidiaries ("CGSB Group")	<p>Acceptance of the following services and its charges from CGSB Group:</p> <ul style="list-style-type: none"> <li>• Office rental/management support services <sup>(2)</sup></li> <li>• Hospitality related services including accommodation arrangement, tour related services and airline ticketing</li> <li>• IT equipment, products and services</li> <li>• Consultancy services</li> <li>• Financial services</li> </ul> <p>Provision of the following services to CGSB Group:</p> <ul style="list-style-type: none"> <li>• Factoring and other financial services</li> </ul>	20,000	1,946.0	20,000	<p>Shahman Azman ("SAH")  Soo Kim Wai ("SKW")  Shalina Azman ("SBA")  Lum Sing Fai ("LSF")  Tan Sri Azman Hashim ("TSAH")  CESB  Amcorp Group Berhad ("AMCORP")  CGSB</p> <p>(See Note A - CGSB RRPT Group)</p>



Transacting Company	Related Party	Nature of transaction	Existing Shareholders' Mandate		Estimated aggregate value from the date of forthcoming 69th AGM to the next AGM of RCE (RM'000)	Interested Directors and/or Major Shareholders and/or Persons Connected to them <sup>(5)</sup>
			Estimated value as disclosed in the Circular to Shareholders dated 27 July 2022 (RM'000)	Actual value transacted from the Last AGM to LPD (RM'000)		
RCE Group	AMMB Holdings Berhad ("AHB") <sup>(3)</sup> and its subsidiaries ("AHB Group")	Acceptance of the following services from AHB Group: <ul style="list-style-type: none"> <li>• Investment management and related financial services</li> <li>• Rental of office</li> </ul>	5,000	Nil	5,000	SAH SKW SBA LSF TSAH CESB AMCORP CGSB
		Provision of collection management services to AHB Group	3,000	Nil	3,000	(See Note B - AHB RRPT Group)
RCE Group	Amcorp Global Limited ("AmG") <sup>(4)</sup> and its subsidiaries ("AmG Group")	Provision of factoring and other financial services to AmG Group	5,000	Nil	5,000	SAH SKW SBA LSF TSAH CESB AMCORP CGSB  (See Note C - AmG RRPT Group)

Notes:

- (1) The principal activity of CGSB is that of investment holding. Its subsidiaries are involved in, amongst others, investment holding, provision of investment/financial services, provision of management and support services, property development, investment and management, provision of airline ticketing, tour and hospitality related services, provision of IT consultancy services and related projects, as well as contracting and renewable energy.
- (2) The terms of the leases of the premises are not more than 3 years. The management support services fees include staff support services and outsourcing of internal audit function.
- (3) The principal activity of AHB is that of investment holding. Its subsidiaries provide a wide range of wholesale banking, business banking, retail banking, investment banking and related financial services which also include Islamic banking business, underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services.
- (4) The principal activity of AmG is that of investment holding and provision of corporate services to the subsidiaries. Its subsidiaries are involved in development of real estate, investment holding and hotel operations.

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- (5) The Directors, Major Shareholders and Persons Connected to them who are deemed interested in the Recurrent Transactions conducted with the respective Related Parties are indicated in the notes as follows:

Note      Interested Director/Major Shareholder/Person Connected to them

A      CGSB RRPT GROUP

SAH

- Chairman and shareholder of RCE, Director of AMCORP and its subsidiaries and CGSB
- Person Connected to TSAH

SKW

- Director of RCE and Group Managing Director of AMCORP

SBA

- Shareholder of RCE, Director of RCE Group and CGSB and Deputy Managing Director of AMCORP
- Person Connected to TSAH

LSF

- Director and shareholder of RCE, Director of subsidiaries of AMCORP

TSAH

- Executive Chairman of AMCORP and Director of CGSB
- Major Shareholder of RCE, AMCORP and CGSB

CESB

- Major Shareholder of RCE
- Person Connected to TSAH

AMCORP

- Major Shareholder of RCE and CESB
- Person Connected to TSAH

CGSB

- Major Shareholder of RCE, AMCORP and CESB
- Person Connected to TSAH

B      AHB RRPT GROUP

SAH

- Chairman and shareholder of RCE, Director of AMCORP and its subsidiaries and CGSB
- Person Connected to TSAH

SKW

- Director of RCE and AHB, Group Managing Director of AMCORP

SBA

- Shareholder of RCE, Director of RCE Group and CGSB and Deputy Managing Director of AMCORP
- Person Connected to TSAH

LSF

- Director and shareholder of RCE, Director of subsidiaries of AMCORP and Director of subsidiary of AHB

TSAH

- Chairman Emeritus/Honorary Adviser of AHB Group and Director of subsidiaries of AHB, Executive Chairman of AMCORP and Director of CGSB
- Major Shareholder of RCE, AHB, AMCORP and CGSB

CESB

- Major Shareholder of RCE
- Person Connected to TSAH

AMCORP

- Major Shareholder of RCE and AHB
- Person Connected to TSAH

CGSB

- Major Shareholder of RCE, AHB and AMCORP
- Person Connected to TSAH

Note      Interested Director/Major Shareholder/Person Connected to them

C      AmG RRPT GROUP

SAH

- Chairman and shareholder of RCE, Director of AmG, Director of AMCORP and its subsidiaries and CGSB
- Person Connected to TSAH

SKW

- Director of RCE, Chairman of AmG and Group Managing Director of AMCORP

SBA

- Deputy Managing Director of AMCORP, shareholder of RCE and Director of RCE Group, AmG and CGSB
- Person Connected to TSAH

LSF

- Director and shareholder of RCE, Director of subsidiaries of AMCORP

TSAH

- Executive Chairman of AMCORP and Director of CGSB
- Major Shareholder of RCE, AMCORP, CGSB and AmG

CESB

- Major Shareholder of RCE
- Person Connected to TSAH

AMCORP

- Major Shareholder of RCE and AmG
- Person Connected to TSAH

CGSB

- Major Shareholder of RCE, AmG and AMCORP
- Person Connected to TSAH

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### **2.3 Amount Due and Owing to RCE Group by Related Parties**

There is no amount due and owing to RCE Group by its Related Parties pursuant to the Recurrent Transactions, as such the disclosure as required under Paragraphs 16A and 16B in the Annexure PN12-A of the Listing Requirements are not applicable.

### **2.4 Guidelines and Review Procedures for the Recurrent Transactions**

RCE Group has established the following procedures to ensure that the Recurrent Transactions are undertaken at arm's length, on normal commercial terms which are not more favourable to the Related Party(ies) than those extended to third parties/public and are not detrimental to the interest of the minority shareholders of RCE:

- (a) A list of Related Parties is circulated within RCE Group on a quarterly basis. All heads of business units have been advised to report on all transactions involving the Related Parties.
- (b) All Recurrent Transactions are tabled to the Audit Committee for review on a quarterly basis. The Audit Committee will report its findings to the Board for further action if during the quarterly review the Audit Committee is of the view that the guidelines and procedures are insufficient to ensure normal commercial terms and/or the transaction is deemed detrimental to the minority shareholders.
- (c) Where a member of the Board or Audit Committee has an interest (direct or indirect) in the Recurrent Transactions, as the case may be, he/she shall declare his/her interest in the Recurrent Transactions and abstain from participating in the decisions of the Board or Audit Committee in respect of the said Recurrent Transactions.
- (d) The internal audit function conducts annual review of the Recurrent Transactions to determine whether internal guidelines and procedures have been complied with. Any divergence will be reported to the Audit Committee.
- (e) The Recurrent Transactions undertaken will be done on competitive terms where at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities 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.
- (f) In the event that quotation or comparable pricing from unrelated third parties cannot be obtained, the transaction price will be reviewed to ensure that the Recurrent Transactions are not detrimental to RCE Group. The pricing for services and products to be provided/supplied and/or received is determined based on the Group's business practices and policies to ensure that prices and terms and conditions are based on competitive prices of similar products and services in the open market and ensure that the Recurrent Transactions are not detrimental to RCE Group.

**2.5** There is no specific threshold for approval of Recurrent Transactions within the Group as the Recurrent Transactions contemplated under the Proposed Shareholders' Mandate will be carried out at arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detrimental of the minority shareholders. All the Recurrent Transactions are tabled to the Audit Committee for review on a quarterly basis.

### **2.6 Statement by Audit Committee**

The Audit Committee is of the view that the guidelines and review procedures in respect of Recurrent Transactions as set out in Section 2.4 above are adequate to ensure that the Recurrent Transactions are/will be:

- undertaken on terms not more favourable to a Related Party than those generally available to the public/third parties;
- not detrimental to the interest of the minority shareholders of the Company; and
- at arm's length and on normal commercial terms, and the pricing of such Recurrent Transactions are in accordance with the Group's pricing policy which is consistent with similar types of transactions made by the Group with unrelated third parties and that the terms for the Recurrent Transactions are fair and reasonable compared to those offered to/provided by other unrelated parties for the same or substantially similar type of business/services.

The Audit Committee is also of the view that RCE Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transaction in a timely and orderly manner and such procedures and processes are reviewed on a quarterly basis by the Audit Committee.

### 3. RATIONALE FOR AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The rationale for and benefits of the Proposed Shareholders' Mandate are as follows:

- (i) The Proposed Shareholders' Mandate will facilitate transactions with Related Parties in the ordinary course of business of RCE Group which are undertaken at arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public/third parties; and are not, in the Company's opinion, detrimental to the minority shareholders.
- (ii) The Proposed Shareholders' Mandate, if approved by the shareholders, will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential Recurrent Transactions arise. This will substantially reduce the administrative time and expenses associated with the convening of general meetings without compromising the corporate objectives or adversely affecting the business opportunities available to RCE Group.
- (iii) RCE Group will benefit from the Recurrent Transactions through the synergies that are derived from the Related Parties expertise and resources. The utilisation of the Related Parties' resources would result in cost and operational efficiencies, flexible credit terms and better control of delivery and service levels.
- (iv) The provision of collection management services, factoring and other related financial services to Related Parties will benefit RCE Group as they contribute to the Group's revenue and profitability.

### 4. APPROVAL REQUIRED FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of the Company at the forthcoming 69th AGM to be convened.

### 5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any material effect on the issued share capital, EPS, NA per share and Substantial Shareholders' shareholding of RCE Group.

### 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interests of the Directors and Major Shareholders of RCE who are deemed interested in the Proposed Shareholders' Mandate as at LPD are as follows:

Name/Company	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
<u>Directors</u>				
SAH	600,000	0.08 <sup>#</sup>	-	-
SKW	-	-	-	-
SBA	900,000	0.12 <sup>#</sup>	-	-
LSF	996	Negligible <sup>#</sup>	-	-
<u>Major Shareholders</u>				
CESB	429,031,566	58.54 <sup>#</sup>	-	-
TSAH	1,500,000	0.20 <sup>#</sup>	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>
AMCORP	-	-	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>
CGSB	-	-	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>

Notes:

<sup>(1)</sup> Deemed interested by virtue of Section 8(4) of the Act through CESB.

<sup>#</sup> Net of 8,216,196 Treasury Shares held.

Save as disclosed above, none of the other Directors or Major Shareholders and/or Person(s) Connected to the Directors or Major Shareholders have any interests, direct or indirect, in the Proposed Shareholders' Mandate. Accordingly, the interested Directors have and will continue to abstain from all board deliberations and voting in relation to the Proposed Shareholders' Mandate.

The interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in RCE on the ordinary resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming 69th AGM.

The interested Directors and interested Major Shareholders of the Company have undertaken to ensure that Persons Connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution in relation to the Proposed Shareholders' Mandate at the forthcoming 69th AGM.

## **7. DIRECTORS' RECOMMENDATION**

Your Board (save and except for SAH, SKW, SBA and LSF), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of RCE Group. Accordingly, they (save and except for SAH, SKW, SBA and LSF) recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 69th AGM.

## **8. AGM**

The 69th AGM of RCE, the notice of which is enclosed in the Annual Report 2023, will be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 7 September 2023 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing, *inter alia*, the ordinary resolution on the Proposed Shareholders' Mandate.

If you decide to appoint a proxy or proxies to participate and vote on your behalf at our forthcoming 69th AGM, please complete and deposit the Form of Proxy in accordance with the instructions therein, so as to arrive at SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the 69th AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/> before the aforesaid lodgement cut-off time. The lodging of the Form of Proxy will not preclude you from participating and voting in person at the 69th AGM should you subsequently wish to do so. Should you subsequently decide to participate in the 69th AGM, you are requested to revoke your earlier appointment of proxy by notifying SS E Solutions Sdn. Bhd. in writing, not later than Tuesday, 5 September 2023 at 10.30 a.m.

## **9. 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  
**RCE CAPITAL BERHAD**

**THEIN KIM MON**  
Independent Director

**PART B**

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





## **RCE CAPITAL BERHAD**

Registration No. 195301000151 (2444-M)

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

#### **1. INTRODUCTION**

On 23 May 2023, the Board announced that the Company proposes to seek shareholders' approval for the Proposed Share Buy-Back at the forthcoming 69th AGM.

The purpose of this Statement is to provide you with the relevant information in relation to the Proposed Share Buy-Back and to seek your approval on the ordinary resolution to be tabled at the forthcoming 69th AGM of the Company to be held on Thursday, 7 September 2023.

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

The Company had, at the 68th AGM of the Company held on 8 September 2022, obtained its Shareholders' approval for the Company to purchase and/or hold in aggregate up to ten per centum (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities. In accordance with the Listing Requirements governing the purchase of its own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming 69th AGM, which will be held on Thursday, 7 September 2023.

The Company proposes to seek the authorisation from its shareholders for a renewal of the authority for the Company to purchase its own shares and/or hold as Treasury Shares representing up to ten per centum (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities in accordance with Section 127 of the Act, the Listing Requirements and/or any other relevant authority.

As at LPD, the total number of ordinary shares issued by the Company is 741,066,767 Shares. As such, the maximum number of RCE Shares which may be purchased and/or held by the Company will be not more than 74,106,676 RCE Shares based on the total number of issued shares of the Company as at LPD, the amount of which includes 8,216,196 Treasury Shares.

The authorisation, if given, shall be effective immediately upon the passing of the ordinary resolution relating thereto at the 69th AGM and will continue 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 it will lapse, unless by an 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 of the Company after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

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

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required, to purchase the Company's Shares. It may stabilise the supply and demand of its Shares traded on the Main Market of Bursa Securities and thereby support the fundamental value of the Shares.

The Proposed Share Buy-Back is expected to enhance the value for shareholders from the resultant reduction in the number of Shares in the open market. Assuming all things being equal, the EPS of the Group may be enhanced as the consolidated earnings would be divided by a reduced number of Shares. This is expected to have a positive impact on the market price of the Company's Shares which will benefit the shareholders.

The Purchased Shares can also be retained as Treasury Shares and resold on Bursa Securities at a higher price. The distribution of Treasury Shares as share dividends (if any) will also reward the Shareholders as it would increase the number of shares held which can subsequently be resold in the open market. Alternatively, the Treasury Shares can be transferred for purposes of or under the employees' share scheme of the Company or such other purposes as allowed under the Act.

#### **4. TREATMENT OF PURCHASED SHARES**

Pursuant to the provisions of Section 127 of the Act, the Board may deal with the Purchased Shares in the following manner:

- (a) cancel the Shares so purchased; or
- (b) retain the Shares so purchased as Treasury Shares; or
- (c) retain part of the Shares so purchased as Treasury Shares and cancel the remainder; or
- (d) distribute the Treasury Shares as share dividends to shareholders; or
- (e) resell the Treasury Shares or any of the said shares in accordance with the Listing Requirements; or
- (f) transfer the Treasury Shares or any of the said shares as purchase consideration; or
- (g) transfer the Treasury Shares or any of the said shares for the purposes of or under an employees' share scheme or such other purpose as allowed under the Act; or
- (h) cancel the Treasury Shares or any of the said shares.

Appropriate announcement(s) and notice(s) will be made to Bursa Securities and the relevant authorities in respect of the Board's decision on the treatment of the Purchased Shares in compliance with the Listing Requirements and the Act. The Board may decide to cancel the Purchased Shares if the cancellation of the said shares is expected to enhance the EPS of the Group and thereby in the long term, have a positive impact on the market price of the Shares. If the Board decides to retain the Purchased Shares as Treasury Shares, it may distribute the Treasury Shares as share dividends to the Company's shareholders and/or resell the Purchased Shares in accordance with the Listing Requirements and utilise the proceeds for any feasible investment opportunity arising in future as working capital.

While the Purchased Shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distributions whether cash or otherwise are suspended, and the Treasury Shares shall not be taken into account in calculating the number or percentage of Shares or a class of shares in the Company for any purpose including substantial and major shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolution at a meeting of the shareholders.

#### **5. SOURCE OF FUNDS**

The maximum amount of funds to be allocated for the purchase of RCE Shares pursuant to the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase(s). Based on the latest audited financial statements as at 31 March 2023, the retained profits of the Company was RM170,418,958.

The amount of funds allocated for the purchase of RCE Shares pursuant to the Proposed Share Buy-Back will be financed through internally generated funds and/or external borrowings, the proportion of which will depend on the actual number of RCE Shares to be purchased, the price of the Shares, available funds at the time of purchase and other relevant cost factors.

In the event the Company purchases its own shares using external borrowings, the Board does not foresee any difficulty in repayment of the borrowings and that the repayment will have no material effect on the cash flow of the Company.

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

- (a) Potential advantages of the Proposed Share Buy-Back are as follows:
  - (i) allows the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of RCE Shares and hence, enhance investors' confidence;
  - (ii) the Company's share capital base will be reduced pursuant to the Proposed Share Buy-Back which will increase EPS or the amount of dividend received, all else being equal;

- (iii) if the Purchased Shares are retained as Treasury Shares, the Company may increase its financial resources from the resale of Treasury Shares at a higher price than when it was purchased;
  - (iv) if the Purchased Shares are distributed as share dividends, it will serve to reward the shareholders of the Company; and
  - (v) if the Purchased Shares are transferred for the purpose of or under the employees' share scheme of the Company, it will serve to reward the employees of the Company.
- (b) Potential disadvantages of the Proposed Share Buy-Back are as follows:
- (i) the Proposed Share Buy-Back will reduce the financial resources of RCE Group and may result in RCE Group foregoing any investment opportunity that may emerge in the future; and
  - (ii) the funds to be allocated from retained earnings may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Board will be mindful of the interests of RCE and its shareholders in implementing the Proposed Share Buy-Back.

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

On the assumption that the Proposed Share Buy-Back is implemented in full by RCE, the effects of the Proposed Share Buy-Back on the share capital, NA, working capital and earnings of RCE are set out below:

### 7.1 Share Capital

There will be no effect on the issued share capital of RCE if the Purchased Shares are retained as Treasury Shares.

Assuming that all the Purchased Shares are subsequently cancelled, the effect on the issued share capital of RCE will be as follows:

	No. of Shares
Total number of issued shares as at LPD	741,066,767*
Less : Cancellation of all Treasury Shares	(74,106,676)*
Total number of issued shares upon completion of the Proposed Share Buy-Back	666,960,091

*Note:*

\* Inclusive of 8,216,196 Treasury Shares as at LPD

### 7.2 NA

The effect on the NA per share of RCE Group will depend on the purchase prices of RCE Shares and the effective funding cost to RCE Group to finance the purchase of RCE Shares or any loss in interest income.

The consolidated NA per share of RCE Group will reduce when the purchase price per RCE Share exceeds the NA per share at the time of purchase. Conversely, the consolidated NA per share of RCE Group will increase at the time of purchase if the purchase price per share is less than the consolidated NA per share.

If the Purchased Shares were subsequently resold through Bursa Securities, the consolidated NA per share of RCE Group would increase if the Company realises a gain from the resale, and vice-versa. However, the quantum of the increase in NA will depend on the selling price and the number of Purchased Shares resold.

If the Treasury Shares are distributed as share dividends, the NA per share of RCE Group would decrease by the cost of the Treasury Shares.

### **7.3 Working Capital**

The Proposed Share Buy-Back will reduce the working capital of RCE Group, the quantum of which will depend on the purchase price and the number of RCE Shares purchased.

### **7.4 EPS**

The effect of the Proposed Share Buy-Back on the EPS of RCE Group would depend on the number of RCE Shares purchased, purchase price of RCE Shares and the effective funding cost to finance the purchase or loss in interest income to the Company.

Assuming the Purchased Shares are retained as Treasury Shares and resold, the effects on the EPS of RCE Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest savings arising from the exercise.

If the Purchased Shares are retained or cancelled, the Proposed Share Buy-Back will increase the EPS of RCE Group provided the income foregone and/or interest expense incurred is less than the effect of the reduced number of shares in calculating EPS.

## **8. PURCHASE, RESALE, TRANSFER OR CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS**

There were no purchase of Shares and no resale, transfer or cancellation of Treasury Shares in the previous twelve (12) months preceding the date of this Statement.

As at LPD, the Company held a total of 8,216,196 Treasury Shares.

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**9. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Based on the Registers of Directors' and Substantial Shareholders' shareholdings as at LPD and assuming that the Company acquires the maximum number of the Shares authorised under the Proposed Share Buy-Back from Shareholders other than the Directors and Substantial Shareholders of the Company and that all the Shares so purchased are fully cancelled, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of the Company are as follows:

Director/Substantial Shareholder	As at LPD				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Director</u>								
SAH	600,000	0.08 <sup>#</sup>	-	-	600,000	0.09	-	-
Tan Sri Mazlan bin Mansor	-	-	-	-	-	-	-	-
Datuk Mohamed Azmi bin Mahmood	-	-	-	-	-	-	-	-
Mahadzir bin Azizan	-	-	-	-	-	-	-	-
Thein Kim Mon	-	-	-	-	-	-	-	-
SKW	-	-	-	-	-	-	-	-
SBA	900,000	0.12 <sup>#</sup>	-	-	900,000	0.13	-	-
LSF	996	Negligible <sup>#</sup>	-	-	996	Negligible	-	-
<u>Substantial Shareholder</u>								
CESB	429,031,566	58.54 <sup>#</sup>	-	-	429,031,566	64.33	-	-
AMCORP	-	-	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>	-	-	429,031,566 <sup>(1)</sup>	64.33
CGSB	-	-	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>	-	-	429,031,566 <sup>(1)</sup>	64.33
TSAH	1,500,000	0.20 <sup>#</sup>	429,031,566 <sup>(1)</sup>	58.54 <sup>#</sup>	1,500,000	0.22	429,031,566 <sup>(1)</sup>	64.33

Notes:

<sup>(1)</sup> Deemed interested by virtue of Section 8(4) of the Act through CESB.

<sup>#</sup> Net of 8,216,196 Treasury Shares as at LPD.

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## 10. PUBLIC SHAREHOLDING SPREAD

The public shareholding spread of the Company as at LPD was 39.83%. Assuming the Proposed Share Buy-Back is implemented in full, the public shareholding spread of the Company is expected to be reduced to 33.89%.

The Board is mindful of the compliance with public shareholding spread as required by the Listing Requirements and will take into consideration the requirement when making any purchase of the RCE Shares pursuant to the Proposed Share Buy-Back.

## 11. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of RCE Shares as traded on the Main Market of Bursa Securities for the last 12 months from July 2022 to June 2023 are as follows:

MONTH & YEAR	HIGHEST (RM)	LOWEST (RM)
<b>2022</b>		
July	1.69	1.60
August	1.67	1.59
September	1.65	1.59
October	1.60	1.51
November	1.95	1.56
December	1.99	1.57
<b>2023</b>		
January	1.91	1.65
February	1.86	1.76
March	1.83	1.75
April	1.90	1.82
May	2.13	1.87
June	2.25	2.02

The last transacted price of RCE Shares on the LPD was RM2.21.

## 12. IMPLICATIONS OF THE CODE

As at LPD, CESB holds 58.54% of the total number of issued shares of RCE. Based on the total number of issued shares of RCE of 741,066,767 Shares as at LPD and assuming the Proposed Share Buy-Back is carried out in full and that all the RCE Shares purchased are cancelled, the shareholding of CESB in RCE will increase to 64.33%.

Pursuant to the Code, if a person or a group of persons acting in concert holds more than 50% of the voting shares of a company, there is no obligation to undertake a mandatory general offer for the remaining shares of the company not already owned by the said person or persons acting in concert. Accordingly, the Proposed Share Buy-Back would not give rise to any mandatory offer obligation under the Code.

## 13. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage of shareholdings and/or voting rights of the Shareholders as a consequence of the implementation of the Proposed Share Buy-Back, none of the Directors or Major Shareholders and/or Persons Connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back or resale of Treasury Shares, if any.

## 14. DIRECTORS' RECOMMENDATION

Your Board, having considered all aspects 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, your Board recommend that you vote in favour of the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming 69th AGM.

## 15. FURTHER INFORMATION

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

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by RCE and/or its subsidiaries within the two (2) years preceding the date of this Circular/Statement.

**3. MATERIAL LITIGATION**

As at LPD, RCE and its subsidiaries are not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of RCE are not aware of any proceedings pending or threatened against RCE Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of RCE Group.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of RCE at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to and including the date of the 69th AGM:

- (i) Constitution of RCE; and
- (ii) Audited Financial Statements of RCE for the past two (2) financial years ended 31 March 2022 and 31 March 2023.

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