

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

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

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**CEPATWAWASAN GROUP BERHAD**  
**(536499-K)**

(Incorporated in Malaysia under the Companies Act, 1965)

**SHARE BUY-BACK STATEMENT**

**IN RELATION TO THE**

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

The resolution in respect of the above proposal will be tabled as Special Business at the Fifteenth Annual General Meeting of the Company. The Notice of the **Fifteenth Annual General Meeting** of Cepatawawasan Group Berhad to be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on **Wednesday, 10 June 2015** at 10.30 a.m. and the Form of Proxy are sent together with the Annual Report 2014. Shareholders are advised to refer to the Notice of the Fifteenth Annual General Meeting and the Form of Proxy. The Form of Proxy must be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the Fifteenth Annual General Meeting or at any adjournment thereof.

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Last date and time for lodging the Form of Proxy : 8 June 2015 at 10.30 a.m.  
Date and time of the Fifteenth Annual General Meeting : 10 June 2015 at 10.30 a.m.

**This Statement is dated 18 May 2015.**

## 1.0 INTRODUCTION

At the Company's Fourteenth Annual General Meeting ("**AGM**") held on 23 April 2014, Cepatawawasan Group Berhad ("**Company**" or "**CGB**") had obtained shareholders' approval for the Company to purchase up to 10% of the issued and paid-up share capital of CGB ("Share Buy-back Mandate"). The Share Buy-back Mandate shall, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, expire at the conclusion of the Fifteenth AGM unless a renewal of the mandate is obtained from shareholders.

On 16 February 2015, the Board of Directors ("**Board**") announced the Company's intention to seek a renewal of its shareholders' authorisation for the Share Buy-back Mandate ("Proposed Renewal of Share Buy-back Mandate") at the Fifteenth AGM.

The Share Buy-back Mandate shall be effective upon the passing of the ordinary resolution and will remain in effect until the conclusion of the next AGM of the Company, or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting, whichever occurs first.

The purpose of this Statement is to provide you with details of the Proposed Renewal of Share Buy-back Mandate, and to seek your approval for the ordinary resolution to be tabled at the Company's Fifteenth AGM.

## 2.0 PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

### 2.1 Rationale

The Proposed Renewal of Share Buy-back Mandate will enable CGB to utilise its surplus financial resources, which is not immediately required for other uses, to purchase the ordinary shares of RM1.00 each of the Company ("**Shares**") from the market. The share buy-back may stabilise the supply, demand and price of the Shares in the open market, thereby supporting the fundamental value of the Shares.

Where the Shares bought are retained in treasury by the Company ("**Treasury Shares**"), the Board would have an option to distribute Treasury Shares as dividends to reward shareholders and/or resell Treasury Shares at a higher price on Bursa Securities and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital.

### 2.2 Funding

The maximum amount of funds to be allocated for the Share Buy-back Mandate will be subject to the retained earnings and/or share premium of the Company. The Share Buy-back Mandate will be funded from internally generated funds and/or bank borrowings. As at 31 December 2014, the audited retained earnings of the Company was RM 38,927,689 and the Company did not have any share premium as at 31 December 2014.

## 2.3 Risk Assessment

The Proposed Renewal of Share Buy-back Mandate is not expected to have any potential material disadvantages to the Company and its shareholders as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of CGB and its subsidiaries (“**CGB Group**” or “**Group**”) and of the resultant impact on CGB Group.

The Share Buy-back Mandate, if implemented, would reduce the financial resources of the Group, which may result in the Group having to forgo other feasible investment opportunities that may emerge in the future and/or any income that may be derived from funds utilised for the Share Buy-back Mandate.

The financial resources of the Group may however increase if the Treasury Shares are resold at prices higher than the purchase price. Other benefits of the Proposed Renewal of Share Buy-back Mandate are outlined in Section 2.1 above.

In any case, the Board in exercising any decision on the Share Buy-back Mandate will be mindful of the interests of the Company and its shareholders.

## 2.4 Effects of Share Buy-back Mandate

On the assumption that the Share Buy-back Mandate is implemented in full, the proforma effects on the share capital, net assets, working capital and earnings are as follows:

### (a) Share Capital

In the event all the shares purchased pursuant to the Share Buy-back Mandate (“**Purchased Shares**”) (including the existing Treasury Shares) are subsequently cancelled, the issued and paid-up share capital of CGB will be as follows:

	<b>RM</b>
Issued and paid-up share capital as at 16 February 2015 (including the existing Treasury Shares)	318,446,210
Cancellation of the Purchased Shares (including the existing Treasury Shares)	(31,844,621)
Issued and paid-up share capital after the Share Buy-back Mandate	<u>286,601,589</u>

The Share Buy-back Mandate is not expected to have any effect on the issued and paid-up share capital of CGB if the Purchased Shares are retained as Treasury Shares but the rights attaching to the Treasury Shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While these Purchased Shares remain as Treasury Shares, the Companies Act, 1965 prohibits such Purchased Shares be taken in calculation of the number or percentage of Shares in the Company for any purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and result of votes on resolutions.

### (b) Net Assets (“**NA**”) and Earnings Per Share (“**EPS**”)

The effects of the Share Buy-back Mandate on the NA per Share and EPS of the Company are dependent on the purchase prices of CGB Shares and the effective funding cost or opportunity loss in interest income to the Group.

Assuming the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-back Mandate will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of purchase. On the contrary, the NA per Share will increase if the purchase price is less than the NA per Share at the time of purchase.

If the Purchased Shares are kept as Treasury Shares, the NA per Share would decrease unless the cost per share of the Treasury Shares purchased is below the NA per Share at the relevant point in time. This is due to the requirement for Treasury Shares to be carried at cost resulting in a decrease in the NA of the Company.

Assuming that the Purchased Shares under the Proposed Renewal of Share Buy-back Mandate are cancelled, the Proposed Renewal of Share Buy-back Mandate may increase the EPS of the CGB Group. In addition, on the assumption that the Purchased Shares are treated as Treasury Shares and subsequently resold, the earnings of CGB Group may be affected depending on the actual selling price and number of Treasury Shares resold. In the event the Purchased Shares are held as Treasury Shares; i.e. neither cancelled nor resold, the effective reduction in the issued and paid up share capital of the Company pursuant to the Proposed Renewal of Share Buy-back Mandate would generally, all else being equal, increase the consolidated EPS of the Group.

#### (c) Working Capital

The Share Buy-back Mandate will reduce the working capital of CGB Group, the quantum of which depends on the purchase price and the actual number of Purchased Shares.

### **2.5 Public Shareholding Spread**

As at 31 December 2014, the public shareholding spread of the Company was 61.36%.

The Company will ensure that prior to any share buy-back exercise, the public shareholding spread of at least 25% is maintained.

### **2.6 Implication on the Malaysian Code on Take-Overs and Mergers, 2010 as may be amended or modified from time to time (“Code”)**

Pursuant to the Code, a person and any persons acting in concert with him will be obliged under Part II of the Code to make a mandatory offer for the remaining ordinary shares of the company not already owned by him/them if he and/or persons acting in concert with him hold more than 33% but less than 50% of the voting shares of the company and has inadvertently increased his/their shareholdings by two percent (2%) or more in any six (6)-month period.

In the event the obligation is triggered due to the Share Buy-back Mandate, the affected substantial shareholder(s) and/or person(s) acting in concert may seek a waiver under Practice Note 9 of the Code, subject to certain conditions as set out in the Practice Note being met since the increase in their shareholding is inadvertent and is a result of action that is outside their direct participation.

## 2.7 Interests of Directors, Substantial Shareholders and Persons Connected

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the Proposed Share Buy-back Mandate, as disclosed below, none of the Directors or substantial shareholders or persons connected with the Directors and/or substantial shareholders has any interest, direct or indirect, in the Share Buy-back Mandate or resale of Treasury Shares, if any.

Directors	As at 30 April 2015				After the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	%	No. of Shares	%
Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46 <sup>(1)</sup>	-	-	118,831,200	41.46 <sup>(1)</sup>
Dato' Seri Mah King Seng	-	-	118,831,200	38.46 <sup>(1)</sup>	-	-	118,831,200	41.46 <sup>(1)</sup>
Chua Kim Yin	-	-	-	-	-	-	-	-
Chan Kam Leong	-	-	540,000	0.17 <sup>(2)</sup>	-	-	540,000	0.19 <sup>(2)</sup>
Choong Pak Wan	15,000	-#	-	-	15,000	-#	-	-

### Notes:

\* Excluding a total of 9,478,900 shares of the Company bought back by the Company and retained as treasury shares as at 30 April 2015.

# Negligible.

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his shareholdings in MHC Plantations Bhd.

(2) Deemed interested pursuant to Section 134 of the Companies Act 1965 by virtue of his spouse's interest.

Substantial Shareholders	As at 30 April 2015				After the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	%	No. of Shares	%
MHC Plantations Bhd.	88,831,200	28.75	30,000,000	9.71 <sup>(1)</sup>	88,831,200	30.99	30,000,000	10.47 <sup>(1)</sup>
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,831,200	38.46 <sup>(2)</sup>	-	-	118,831,200	41.46 <sup>(2)</sup>
Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46 <sup>(2)</sup>	-	-	118,831,200	41.46 <sup>(2)</sup>
Dato' Seri Mah King Seng	-	-	118,831,200	38.46 <sup>(2)</sup>	-	-	118,831,200	41.46 <sup>(2)</sup>
Datin Seri Ooi Ah Thin	-	-	118,831,200	38.46 <sup>(2)</sup>	-	-	118,831,200	41.46 <sup>(2)</sup>
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51 <sup>(3)</sup>	16,055,250	5.60	13,944,750	4.86 <sup>(3)</sup>

### Notes:

\* Excluding a total of 9,478,900 shares of the Company bought back by the Company and retained as treasury shares as at 30 April 2015.

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.

(2) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his/her shareholdings in MHC Plantation Bhd.

(3) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Hutan Melintang Plantations Sdn. Berhad.

Person connected	As at 30 April 2015				After the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	%	No. of Shares	%
Hutan Melintang Plantations Sdn. Berhad	13,944,750	4.51	-	-	13,944,750	4.86	-	-

### Notes:

\* Excluding a total of 9,478,900 shares of the Company bought back by the Company and retained as treasury shares as at 30 April 2015.

## **2.8 Purchase, resale or cancellation of CGB Shares during the financial year ended 31 December 2014**

During the financial year ended 31 December 2014, a total of 200 Shares were purchased and retained as Treasury Shares. As at 31 December 2014, there was no resale or cancellation of these purchased shares.

Information of the share buy-back is disclosed in page 23 of the Annual Report 2014.

## **3.0 DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Buy-back Mandate is of the opinion that the proposal is in the best interest of CGB. As such, the Board recommends that you vote in favour of the resolution in respect of to the Proposed Renewal of Share Buy-back Mandate to be tabled at the Fifteenth AGM.

## **4.0 ANNUAL GENERAL MEETING**

The resolution to approve the Proposed Renewal of Share Buy-back Mandate is set out as Special Business in the Notice of the Fifteenth AGM contained in CGB's Annual Report 2014, which is sent to you together with this Statement. The Fifteenth AGM will be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 10 June 2015 at 10.30 a.m.

If you are unable to attend in person at the Fifteenth AGM, please complete the Form of Proxy in accordance with the instructions contained therein and forward it to the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Fifteenth AGM should you subsequently wish to do so.

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