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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 at the Eighteenth Annual General Meeting of the Company. The Notice of the **Eighteenth Annual General Meeting** of Cepatwawasan Group Berhad to be held at Amadeus IV, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on **Wednesday, 9 May 2018** at 11.00 a.m. and the Form of Proxy are sent together with the Annual Report 2017. Shareholders are advised to refer to the Notice of the Eighteenth 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 & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the Eighteenth Annual General Meeting or at any adjournment thereof.

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Last date and time for lodging the Form of Proxy	:	7 May 2018 at 11.00 a.m.
Date and time of the Eighteenth Annual General Meeting	:	9 May 2018 at 11.00 a.m.

**This Statement is dated 9 April 2018.**

## 1.0 INTRODUCTION

At the Company's Seventeenth Annual General Meeting ("**AGM**") held on 17 May 2017, Cepatwawasan Group Berhad ("**Company**" or "**CGB**") had obtained shareholders' approval for the Company to purchase up to 10% of the total number of issued shares 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 ("Bursa Securities"), expire at the conclusion of the Eighteenth Annual General Meeting unless a renewal of the mandate is obtained from shareholders.

On 26 February 2018, 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 Eighteenth 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 Eighteenth 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 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 Potential advantages and disadvantages

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

- (i) Allow the Company to take preventive measures against speculation, particularly when the Shares are undervalued and this would, in turn, stabilize the market price of the Shares and hence, enhance investors' confidence;
- (ii) Allow the Company the flexibility to achieve the desired capital structure, in terms of debt and equity composition and size of equity;
- (iii) Provide the Company with opportunities for potential gains if the Treasury Shares, are resold at a higher price than they were bought for; and
- (iv) Serve to reward the shareholders of the Company if the Treasury Shares are distributed as share dividends to the shareholders.

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

- (i) Reduce the financial resources of the Company, which may result in the Company foregoing better investment opportunities that may emerge in the future; and
- (ii) Reduce the financial resources available for distribution to shareholders in the immediate future as the funds to be allocated for the Proposed Renewal of Share Buy-Back Mandate can only be made out of retained earnings of the Company.

The Proposed Renewal of Share Buy-Back Mandate is not expected to cause any potential material disadvantage to the Company or the shareholders as the Directors will only implement it after due consideration of the financial resources of the Company and its Subsidiaries and the resultant impact to the shareholders

### **2.3 Funding**

The maximum amount of funds to be allocated for the Share Buy-back Mandate will be subject to the retained earnings of the Company. The Share Buy-back Mandate will be funded from internally generated funds and/or bank borrowings. As at 31 December 2017, the audited retained earnings of the Company was RM63,444,488.

### **2.4 Treatment of purchased shares**

In accordance with Section 127(4) of the Act, the Directors may deal with the Shares at their discretion, in the following manner:

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased as "Treasury Shares"; or
- (iii) retain part of the Shares so purchased as Treasury Shares and cancel the remainder of the Shares.

Based on Section 127(7) of the Act, where such Shares are held as Treasury Shares, the Directors may at their discretion:

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

The rights attaching to the Treasury Shares as to voting, dividends and participation in other distributions or otherwise, are suspended and the Treasury Shares will not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purpose including substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

## 2.5 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 share capital of CGB will be as follows:

	<b>No. of Shares</b>
Total number of issued shares as at 28 February 2018, being the latest practicable date prior to the printing of this Statement ("LPD") (including the existing Treasury Shares)	318,446,210
Cancellation of the Purchased Shares (including the existing Treasury Shares)	(31,844,621)
Total number of issued shares after the Share Buy-back Mandate	<hr/> 286,601,589 <hr/>

The Share Buy-back Mandate is not expected to have any effect on the issued 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 2016 prohibits such Purchased Shares be taken in calculation of the number or percentage of Shares in the Company for any purpose whatsoever including substantial shareholding, 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 total number of issued shares 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.

## 2.6 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company is 61.36%.

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

## 2.7 Historical Shares Prices

The monthly high and low market prices of CGB Shares for the past twelve (12) months from Jan 17 to Feb 18 are as follows:

Share Prices		
	High (RM)	Low (RM)
March 17	0.910	0.795
April 17	0.880	0.830
May 17	0.900	0.825
June 2017	0.845	0.810
July 2017	0.830	0.810
August 2017	1.000	0.820
September 2017	0.990	0.895
October 2017	0.945	0.875
November 2017	0.910	0.810
December 2017	0.845	0.800
January 2018	0.890	0.795
February 2018	0.830	0.760

The last traded price of CGB shares as at LPD is RM0.805.

(Source: Yahoo Finance)

## 2.8 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.

## 2.9 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 LPD				After the Proposed Share Buy-back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	%	No. of Shares	%
Tan Sri 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 9,479,200 shares of the Company bought back by the Company and retained as treasury shares as at LPD.

# Negligible.

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in MHC Plantations Bhd.

(2) Deemed interested pursuant to Section 59 of the Companies Act 2016 by virtue of his spouse's interest.

Substantial Shareholders	As at LPD				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>
Tan Sri 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 9,479,200 shares of the Company bought back by the Company and retained as treasury shares as at LPD.

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.

(2) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his/her shareholdings in MHC Plantation Bhd.

(3) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Hutan Melintang Plantations Sdn. Berhad.

Person connected	As at LPD				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 9,479,200 shares of the Company bought back by the Company and retained as treasury shares as at LPD.

## 2.10 Purchase, resale or cancellation of CGB Shares made in the preceding 12 months

There were no purchase, resale and cancellation of Treasury Shares made in the preceding 12 months.

As at LPD, the Company had a total of 9,479,200 Shares retained as Treasury Shares.

## 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 Eighteenth AGM.

#### **4.0 ANNUAL GENERAL MEETING**

The resolution to approve the Proposed Renewal of Share Buy-back Mandate is set out in the Notice of the Eighteenth AGM contained in CGB's Annual Report 2017, which is sent to you together with this Statement. The Eighteenth AGM will be held at Amadeus IV, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 9 May 2018 at 11.00 a.m.

If you are unable to attend in person at the Eighteenth 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 & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi, 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 Eighteenth AGM should you subsequently wish to do so.

#### **5.0 ADDITIONAL INFORMATION**

Shareholders are advised to refer to Appendix 1 of this Statement for further information.



## **APPENDIX 1 FURTHER INFORMATION**

### **1. RESPONSIBILITY STATEMENT**

In preparing the Share Buy-back Statement, the Directors have:

- seen and approved the said Share Buy-back Statement;
- are collectively and individually accept full responsibility for the accuracy of the information given; and
- confirm that after making all reasonable enquiries to the best their knowledge and belief ,there are no other facts omission of which would make any statement in the circular misleading.

### **2. DOCUMENTS FOR INSPECTION**

For a period of not less 2 weeks following the publication of the Share Buy-back Statement, the following documents (or copies of the documents) may be inspected at the registered office of the Company:

- the Constitution of CGB;
- the audited financial statements of CGB for the past 2 financial years ended 31 December 2016 and 31 December 2015 and the latest unaudited results for the period ended 31 December 2017; and
- all reports, letters or other documents, statement of financial position, valuations and statements by any expert, any part of which is extracted or referred to in the Share Buy-back Statement

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