

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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RCE

RCE CAPITAL BERHAD

(2444-M)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

- (I) **PROPOSED CAPITAL REPAYMENT OF UP TO RM98.3 MILLION OR RM0.075 FOR EACH ORDINARY SHARE OF RM0.10 EACH IN RCE CAPITAL BERHAD (“RCE”) TO THE SHAREHOLDERS OF RCE BY WAY OF A REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF RCE UNDER SECTION 64 OF THE COMPANIES ACT, 1965, WHEREBY THE PAR VALUE OF EACH ORDINARY SHARE IN RCE WILL BE REDUCED FROM RM0.10 PER SHARE TO RM0.025 PER SHARE (“PROPOSED SHARE CAPITAL REDUCTION”); AND**
- (II) **PROPOSED SHARE CONSOLIDATION INVOLVING THE CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES OF RM0.025 EACH INTO ONE (1) ORDINARY SHARE OF RM0.10 EACH AFTER THE PROPOSED SHARE CAPITAL REDUCTION**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“**EGM**”) of RCE to be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 14 January 2016 at 10.30 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed herein.

The Form of Proxy must be lodged at the Registered Office of RCE at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 12 January 2016 at 10.30 a.m.
Date and time of the EGM : Thursday, 14 January 2016 at 10.30 a.m.

This Circular is dated 23 December 2015

DEFINITIONS

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

Act	: Companies Act, 1965 as amended from time to time including any re-enactment thereof
AmBank Group	: AmInvestment Bank and/or its related and associated companies
AmInvestment Bank or Adviser	: AmInvestment Bank Berhad (23742-V)
Board	: Board of Directors of RCE
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Capital Repayment Entitlement Date	: 5.00 p.m. on a date to be determined by the Board and announced later on which Shareholders must be registered in the Company's Record of Depositors in order to be entitled to participate in the Proposed Capital Repayment
CCM	: Companies Commission of Malaysia
Consolidated Shares	: Ordinary shares of RM0.10 each in RCE after the Proposed Share Consolidation
Consolidation Entitlement Date	: 5.00 p.m. on a date to be determined by the Board and announced later on which Shareholders must be registered in the Company's Record of Depositors in order to be entitled for the Consolidated Shares
EGM	: Extraordinary general meeting
EPS	: Earnings per share
ESOS	: The existing employees' share option scheme which was established on 15 September 2009 for a period of ten (10) years and expiring on 14 September 2019. As at the LPD, there are 12,134,600 outstanding options under the ESOS which are exercisable into 18,201,900 new RCE Shares.
ESS	: The new employees' share scheme approved by Shareholders at the Company's EGM held on 2 September 2015, which has yet to be effected as at the date of this Circular
High Court	: High Court of Malaya
LPD	: 30 November 2015, being the latest practicable date prior to the despatch of this Circular
Market Day(s)	: Any day on which Bursa Securities is open for trading in securities

DEFINITIONS (CONT'D)

Maximum Scenario	: Assuming all of the outstanding options under the ESOS as at the LPD are exercised, none of the treasury shares as at the LPD are cancelled or resold and no new Shares are issued under the ESS, should the ESS become effective prior to the completion of the Proposals
Minimum Scenario	: Assuming none of the outstanding options under the ESOS as at the LPD are exercised, none of the treasury shares as at the LPD are cancelled or resold and no new Shares are issued under the ESS, should the ESS become effective prior to the completion of the Proposals
NA	: Net assets
Proposals	: Collectively, the Proposed Capital Repayment and Proposed Share Consolidation
Proposed Capital Repayment	: Proposed capital repayment of up to approximately RM98.3 million or RM0.075 for each Share of RM0.10 each in RCE to Shareholders, to be implemented by way of a Proposed Share Capital Reduction
Proposed Share Capital Reduction	: Proposed reduction of the issued and paid-up share capital of RCE under Section 64 of the Act, whereby the par value of each RCE Share will be reduced from RM0.10 to RM0.025
Proposed Share Consolidation	: Proposed share consolidation involving the consolidation of every four (4) Shares of RM0.025 each into one (1) Share of RM0.10 each after the Proposed Share Capital Reduction
RCE or Company	: RCE Capital Berhad (2444-M)
RCE Group or Group	: Collectively, RCE and its subsidiaries
RCE Share(s) or Share(s)	: Ordinary shares in RCE
Record of Depositors	: The record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd (165570-W)
RM and sen	: Ringgit Malaysia and sen, respectively
ROE	: Return on equity
Shareholders	: Registered holders of RCE Shares

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender 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 Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted or guidelines. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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RCE CAPITAL BERHAD

(2444-M)
(Incorporated in Malaysia)

Registered Office:-

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

23 December 2015

Board of Directors:-

Shahman Azman (*Non-Independent Non-Executive Chairman*)
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan (*Independent Director*)
Dato' Che Md Nawawi bin Ismail (*Independent Director*)
Tan Bun Poo (*Independent Director*)
Mahadzir bin Azizan (*Independent Director*)
Soo Kim Wai (*Non-Independent Non-Executive Director*)
Shalina Azman (*Non-Independent Non-Executive Director*)

To: The Shareholders of RCE

Dear Sir / Madam,

- (I) PROPOSED CAPITAL REPAYMENT; AND
- (II) PROPOSED SHARE CONSOLIDATION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 5 November 2015, AmInvestment Bank had on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) Proposed Capital Repayment; and
- (ii) Proposed Share Consolidation.

On 8 December 2015, AmInvestment Bank had on behalf of the Board, announced that Bursa Securities had vide its letter dated 7 December 2015, approved the Proposed Share Consolidation.

The approval of Bursa Securities is subject to the conditions as set out in Section 6(ii) of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RELATION TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED CAPITAL REPAYMENT

The Proposed Capital Repayment involves a capital repayment of up to approximately RM98.3 million to Shareholders. Shareholders, whose names appear in RCE's Record of Depositors on the Capital Repayment Entitlement Date, shall be entitled to receive a cash distribution under the Proposed Capital Repayment of RM0.075 for each RCE Share held as at the Capital Repayment Entitlement Date.

The Proposed Capital Repayment will be implemented via the Proposed Share Capital Reduction, which involves the reduction of the issued and paid-up share capital of RCE under Section 64 of the Act, whereby the par value of each RCE Share will be reduced from RM0.10 to RM0.025.

As at the LPD, the issued and paid-up share capital of RCE is RM129,201,590 comprising 1,292,015,895 Shares of RM0.10 each (excluding 64,318,900 treasury shares). For illustration purposes, the Company's issued and paid-up share capital after the Proposed Share Capital Reduction under the Minimum Scenario and Maximum Scenario respectively are as follows:-

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		Number of Shares ('000)	(RM'000)	Number of Shares ('000)	(RM'000)
As at the LPD ⁽¹⁾	0.10	1,292,016	129,202	1,292,016	129,202
After the Proposed Share Capital Reduction ⁽¹⁾	0.025	1,292,016	32,300	1,310,218	32,755

Note:-

(1) Excluding treasury shares.

There will be an adjustment of RM0.075 per Share to the market price of RCE Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Share Capital Reduction, as further detailed in Section 2.2.3 below.

The cash distribution to be made under the Proposed Capital Repayment will be funded via RCE's internally generated funds.

The effective date of the Proposed Share Capital Reduction will be the date the sealed copy of the order by the High Court confirming the Proposed Share Capital Reduction is lodged with the CCM.

2.2 PROPOSED SHARE CONSOLIDATION

Immediately after the Proposed Share Capital Reduction, the Company will undertake the Proposed Share Consolidation which involves the consolidation of every four (4) ordinary shares of RM0.025 each held by Shareholders whose names appear in RCE's Record of Depositors on the Consolidation Entitlement Date into one (1) ordinary share of RM0.10 each.

For illustration purposes, the issued and paid-up share capital of the Company after the Proposed Share Capital Reduction will remain unchanged subsequent to the Proposed Share Consolidation, as follows:-

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		Number of Shares ('000)	(RM'000)	Number of Shares ('000)	(RM'000)
After the Proposed Share Capital Reduction ⁽¹⁾	0.025	1,292,016	32,300	1,310,218	32,755
After the Proposed Share Consolidation ⁽¹⁾	0.10	323,004	32,300	327,554	32,755

Note:-

(1) Excluding treasury shares.

In determining Shareholders' entitlement to the Consolidated Shares, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient in order to minimize the incidence of odd lots, and in the best interest of the Company.

2.2.1 Ranking of the Consolidated Shares

The Consolidated Shares shall rank *pari passu* in all respects with each other.

2.2.2 Suspension of trading

There will be no suspension of trading of RCE Shares on Bursa Securities for the purpose of implementing the Proposed Share Consolidation.

2.2.3 Adjustment to the market price of RCE Shares

There will be adjustment to the market price of RCE Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Share Consolidation. For illustration purposes and based on the closing market price of RCE Shares as at the LPD of RM0.265, the market price of RCE Shares will be adjusted as follows:-

	Assumed number of RCE Shares held	Par value (RM)	Market price per share (RM)	Total market value of RCE Shares held (RM)	Total value held by Shareholders (RM)
As at the LPD	4	0.10	0.265	1.06	1.06
After the Proposed Capital Repayment	4	0.025	0.19	0.76	1.06 ⁽¹⁾
After the Proposed Share Consolidation	1	0.10	0.76	0.76	1.06 ⁽¹⁾

Note:-

(1) Inclusive of the cash distribution of RM0.075 per Share received under the Proposed Capital Repayment.

3. RATIONALE FOR THE PROPOSALS

The Proposals form part of RCE's capital management strategy which seeks to achieve a more efficient capital structure. In this respect, the Proposals are expected to improve the Group's EPS, NA per share and ROE without affecting shareholders' shareholdings percentage following the completion of the Proposals.

Accordingly, RCE after taking consideration its objectives above and future financial obligations and operations requirements, proposes to undertake the Proposed Capital Repayment which is also intended to reward Shareholders for their continuous support towards the Group.

After the completion of the Proposed Capital Repayment, the Group's financial position is expected to remain healthy, supported by the Group's cash and cash equivalents reserves and continued cash flow generated from its operations, which are expected to support, *inter-alia*, its operational needs, debt repayment obligations, as well as any investment opportunities which may arise in the immediate to medium term.

In addition to rewarding Shareholders through cash distribution, the returning of equity to Shareholders is expected to enhance Shareholders' long term rates of return.

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4. EFFECTS OF THE PROPOSALS

For information purposes, Shareholders had via the EGM held on 2 September 2015 approved the termination of the ESOS as well as the establishment of the ESS which are intended to be effected by 2 February 2016, being within six (6) months from the date the ESS is approved by Bursa Securities.

The effects of the Proposals are illustrated based on the Minimum Scenario and Maximum Scenario:-

4.1 Issued and paid-up share capital

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		Number of Shares ('000)	(RM'000)	Number of Shares ('000)	(RM'000)
As at the LPD	0.10	1,356,335	135,634	1,356,335	135,634
Treasury shares as at the LPD	0.10	(64,319)	(6,432)	(64,319)	(6,432)
ESOS options exercised	0.10	1,292,016	129,202	1,292,016	129,202
	0.10	-	-	18,202	1,820
Issued and paid-up share capital	0.10	1,292,016	129,202	1,310,218	131,022
Proposed Share Capital Reduction	(0.075)	-	(96,902)	-	(98,267)
After the Proposed Share Capital Reduction	0.025	1,292,016	32,300	1,310,218	32,755
Proposed Share Consolidation	0.075	(969,012)	-	(982,664)	-
After the Proposed Share Consolidation	0.10	323,004	32,300	327,554	32,755
Issued and paid-up share capital (including treasury shares)	0.10	339,084	33,908	343,634	34,363

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4.2 NA and gearing

Based on RCE's audited consolidated financial statements as at 31 March 2015, the proforma effects of the Proposals on the Group's NA and gearing are set out below:-

Minimum Scenario

	Audited as at 31 March 2015 (RM'000)	(I) After adjusting for Completed Events ⁽¹⁾ (RM'000)	(II) After (I) and Proposed Capital Repayment (RM'000)	(III) After (II) and Proposed Share Consolidation (RM'000)
Share capital	133,400	135,633	33,908	33,908
Treasury shares	(16,784)	(20,158)	(15,334)	(15,334)
Reserves	449,598	299,757	299,457 ⁽²⁾	299,457 ⁽²⁾
Shareholders equity / NA	566,214	415,232	318,031	318,031
Number of ordinary shares (excluding treasury shares) ('000)	1,279,492	1,292,016	1,292,016	323,004
NA per share (RM)	0.44	0.32	0.25	0.98
Total borrowings (RM'000)	631,695	631,695	631,695	631,695
Gearing ratio (times)	1.12	1.52	1.99	1.99

Notes:-

(1) Denotes the following:-

- (a) Exercise of 14.9 million ESOS options into 22.3 million RCE Shares and cancellation of 3.0 million ESOS options from 1 April 2015 up to the LPD;
 - (b) Share buy-back exercise from 1 April 2015 up to the LPD, involving the acquisition of 9.8 million RCE Shares from the open market; and
 - (c) An aggregate of RM153.9 million, representing the final dividend and special dividend of RCE, paid on 8 October 2015.
- (collectively, the "**Completed Events**")

(2) After deducting estimated expenses to be incurred for the Proposals of approximately RM300,000.

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Maximum Scenario

	Audited as at 31 March 2015 (RM'000)	(I) After adjusting for Completed Events and full exercise of outstanding ESOS options ⁽¹⁾ (RM'000)	(II) After (I) and Proposed Capital Repayment (RM'000)	(III) After (II) and Proposed Share Consolidation (RM'000)
Share capital	133,400	137,454	34,363	34,363
Treasury shares	(16,784)	(20,158)	(15,334)	(15,334)
Reserves	449,598	302,184	301,884 ⁽²⁾	301,884 ⁽²⁾
Shareholders equity / NA	566,214	419,480	320,913	320,913
Number of ordinary shares (excluding treasury shares) ('000)	1,279,492	1,310,218	1,310,218	327,554
NA per share (RM)	0.44	0.32	0.24	0.98
Total borrowings	631,695	631,695	631,695	631,695
Gearing ratio (times)	1.12	1.51	1.97	1.97

Notes:-

(1) Include Completed Events and assuming full exercise of all ESOS options outstanding as at the LPD.

(2) After deducting estimated expenses to be incurred for the Proposals of approximately RM300,000.

4.3 Earnings

The Proposals are not expected to have any material impact on the Group's consolidated earnings for the financial year ending 31 March 2016. Nonetheless, any potential loss of income (including interest income) from the cash reserves utilised for purposes of the Proposed Capital Repayment is in line with the Company's intended capital management initiatives as Shareholders will benefit directly through monies received under the Proposed Capital Repayment.

Notwithstanding the above, the Proposals are expected to have a positive impact on the Group's EPS and ROE as a result of the reduced issued and paid-up share capital of the Company after the completion of the Proposals.

4.4 Substantial shareholders' shareholdings

The Proposals will not have any effect on the percentage shareholdings of the substantial shareholders of RCE.

4.5 Convertible securities

Save for the outstanding options under the ESOS, RCE does not have any existing and outstanding convertible securities as at the LPD. For avoidance of doubt, the Proposals will not give rise to adjustments to the exercise price and/or number of RCE Shares to be issued pursuant to the ESOS as the ESOS will be terminated before the implementation of the Proposals.

5. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, RCE expects to complete / implement the Proposals by the end of financial year ending 31 March 2016.

The tentative timeline in relation to the implementation of the Proposals are as follows:-

Date	Events
14 January 2016	EGM for the Proposals
Mid February 2016	Announcement of the Capital Repayment Entitlement Date and Consolidation Entitlement Date
Early March 2016	<ul style="list-style-type: none">- Lodgement of the sealed copy of the order by the High Court confirming the Proposed Share Capital Reduction with CCM- Capital Repayment Entitlement Date and Consolidation Entitlement Date- Listing of and quotation for the Consolidated Shares
Mid / End March 2016	Completion of the Proposed Capital Repayment

6. APPROVALS REQUIRED

The Proposals are subject to, *inter-alia*, the following being obtained:-

- (i) the approval of the shareholders of the Company at the EGM to be convened;
- (ii) the approval of Bursa Securities for the Proposed Share Consolidation, which was obtained vide its letter dated 7 December 2015 subject to amongst others the following conditions:-
 - (a) RCE or AmInvestment Bank is required to make the relevant announcement pursuant to Paragraph 13.10(2) of the Main Market Listing Requirements of Bursa Securities ; and
 - (b) RCE is required to furnish Bursa Securities with a certified true copy of the resolution passed by Shareholders approving the Proposals.
- (iii) the order by the High Court confirming the Proposed Share Capital Reduction;
- (iv) the approval or consent of any other relevant regulatory authorities and/or parties, if applicable.

The Proposed Capital Repayment and Proposed Share Consolidation are inter-conditional upon each other. The Proposals are not conditional or inter-conditional upon any other corporate exercise/scheme of the Company.

7. CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Save for the Proposals which are the subject of this Circular and the ESS, there are no other corporate proposals which have been announced by RCE but have yet to be completed as at the LPD.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors, major shareholders and/or persons connected to them have any interest, either direct or indirect, in the Proposals beyond their respective entitlements under the Proposals for which all shareholders of RCE are similarly entitled to.

9. DIRECTORS' RECOMMENDATION

The Board having considered the rationale of the Proposals, is of the opinion that the Proposals are in the best interests of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.

10. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 14 January 2016 at 10.30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy to do so on your behalf, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, so as to arrive at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

11. FURTHER INFORMATION

You are requested to refer to the enclosed appendix of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
RCE CAPITAL BERHAD

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has 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 false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Tan Sri Azman Hashim, is a common substantial shareholder of AmInvestment Bank and RCE. As such, AmInvestment Bank and RCE are deemed to be related corporations. Nevertheless, AmInvestment Bank confirms that this does not result in any conflict of interest as:-

- (a) AmInvestment Bank is a licensed investment bank and its appointment as Adviser for the Proposals is in the ordinary course of its business;
- (b) AmBank Group form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade;
- (c) The conduct of AmInvestment Bank is regulated by the Financial Services Act, 2013 and by their respective own internal controls and checks; and
- (d) Save for the professional fees charged in relation to the Proposals, AmInvestment Bank will not be deriving any direct monetary benefit from the Proposals outside of its aforesaid capacities.

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APPENDIX I – FURTHER INFORMATION (CONT'D)

3. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of RCE Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:-

Month	High (RM)	Low (RM)
2014		
December	0.330	0.285
2015		
January	0.325	0.295
February	0.320	0.305
March	0.325	0.310
April	0.355	0.310
May	0.345	0.320
June	0.360	0.335
July	0.350	0.330
August	0.410	0.330
September	0.410	0.245
October	0.280	0.250
November	0.330	0.265

The last transacted market price of RCE Shares on 4 November 2015 (being the last Market Day immediately prior to the announcement of the Proposals) 0.300

The last transacted market price of RCE Shares as at the LPD 0.265

(Source: Bloomberg)

4. MATERIAL LITIGATION, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**4.1 Material litigation**

As at the LPD, neither RCE nor its subsidiaries are engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of the Group and the Board is not aware of any proceedings, pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

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APPENDIX I – FURTHER INFORMATION (CONT'D)

4.2 Contingent liabilities

The Board is not aware of any material contingent liabilities incurred or known to be incurred by the Group as at the LPD which upon becoming due or enforceable may have a material impact on the financial position or the business of RCE Group.

4.3 Material commitments

The Board is not aware of any material commitments incurred or known to be incurred as at the LPD, which upon becoming enforceable may have a material impact on the financial position or the business of RCE Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Memorandum and Articles of Association of RCE;
- (ii) the audited consolidated financial statements of RCE for the past two (2) financial years ended 31 March 2014 and 31 March 2015 and the latest unaudited consolidated results of RCE for the quarter ended 30 September 2015; and
- (iii) the letter of consent referred to in Section 2 above.

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RCE CAPITAL BERHAD

(2444-M)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of RCE Capital Berhad (“**RCE**” or the “**Company**”) will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 14 January 2016 at 10.30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions with or without modification:

SPECIAL RESOLUTION 1

PROPOSED CAPITAL REPAYMENT VIDE A CAPITAL REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF RCE PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 (“ACT”) INVOLVING THE CANCELLATION OF RM0.075 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.10 IN RCE (“PROPOSED CAPITAL REPAYMENT”)

THAT subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities and/or parties (where applicable) and the confirmation by the High Court of Malaya being obtained, approval be and is hereby given to the Company pursuant to Article 52 of RCE’s Articles of Association, to effect a capital repayment to return to the entitled shareholders of RCE, at an entitlement date to be determined and announced later (“**Capital Repayment Entitlement Date**”), vide a capital reduction and repayment exercise under Section 64 of the Act involving the cancellation of RM0.075 of the par value of every existing ordinary share of RM0.10 in RCE (“**Proposed Share Capital Reduction**”);

THAT following the Proposed Share Capital Reduction, approval is hereby given for the Company to make a distribution to all the shareholders of the Company on the basis of RM0.075 for every one (1) ordinary share held on the Capital Repayment Entitlement Date;

AND THAT the Board be and is hereby authorised with full powers to take all such steps as it may deem necessary:

- (i) to determine the Capital Repayment Entitlement Date;
- (ii) to assent to any conditions, stipulations, modifications, variations and amendments imposed by the High Court of Malaya;
- (iii) to lodge an office copy of the order of the High Court of Malaya referred to in this resolution with the Companies Commission of Malaysia on such date as the Board may determine; and
- (iv) to do all such acts, deeds and/or things incidental, and/or as may be required or as they consider necessary and expedient in the best interest of the Company, to give full effect to and complete the Proposed Share Capital Reduction.

ORDINARY RESOLUTION 1

PROPOSED SHARE CONSOLIDATION INVOLVING THE CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES OF RM0.025 EACH IN RCE INTO ONE (1) NEW ORDINARY SHARE OF RM0.10 EACH IN RCE (“PROPOSED SHARE CONSOLIDATION”)

THAT subject to the passing of Special Resolution 1 and the approvals of all relevant authorities and/or parties being obtained (where applicable), as well as the completion of the Proposed Share Capital Reduction, approval be and is hereby given to the Company to consolidate every four (4) ordinary shares of RM0.025 each held by the registered shareholders of RCE whose names appear in RCE's Record of Depositors at an entitlement date to be determined and announced later into one (1) ordinary share of RM0.10 each ("**Consolidated Shares**");

THAT the Consolidated Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other and any fractional entitlements arising from the Consolidated Shares shall be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient in order to minimise the incidence of odd lots, and in the best interest of RCE;

AND THAT authority be and is hereby given to the Board to give full effect to the Proposed Share Consolidation with full powers to make any variations, modifications and/or amendments in any manner as may be required by the relevant authorities or as the Board deems fit, in the best interest of RCE, and to take all steps and do all things necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Consolidation.

By Order of the Board

JOHNSON YAP CHOON SENG (MIA 20766)
SEOW FEI SAN (MAICSA 7009732)
Secretaries

Petaling Jaya
23 December 2015

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 7 January 2016 shall be eligible to attend, speak and vote at the Extraordinary General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment thereof.



RCE CAPITAL BERHAD
(2444-M)

FORM OF PROXY

I/We _____ NRIC No./Company No.: _____

of _____

being a member/members of **RCE CAPITAL BERHAD**, hereby appoint _____

_____ NRIC No.: _____

of _____

or failing him/her, _____ NRIC No.: _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 14 January 2016 at 10.30 a.m. or any adjournment thereof, in the manner as indicated below:

RESOLUTIONS	FOR	AGAINST
Special Resolution 1 – Proposed Capital Repayment		
Ordinary Resolution 1 – Proposed Share Consolidation		

Please indicate with an "X" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2015.

Number of Shares Held	CDS Account No.

Signature of Shareholder/Common Seal

Tel no. (During office hours): _____

Notes:

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AFFIX
STAMP

The Company Secretary
RCE CAPITAL BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

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