

THIS CIRCULAR 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 ADVISERS IMMEDIATELY.

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Central Global Berhad

[Registration No.: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED FREE WARRANTS ISSUE UP TO 65,403,155 FREE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN CENTRAL GLOBAL BERHAD ("CGB" OR "COMPANY") ("SHARES") HELD BY THE SHAREHOLDERS OF CGB WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF OUR COMPANY AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED FREE WARRANTS ISSUE"); AND**
- (II) PROPOSED PRIVATE PLACEMENT OF UP TO 39,241,800 NEW SHARES, REPRESENTING NOT MORE THAN 30% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) ("PROPOSED PRIVATE PLACEMENT")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement



HongLeong Investment Bank

Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Extraordinary General Meeting ("EGM") of Central Global Berhad ("CGB") will be conducted on a fully virtual basis at the Broadcast Venue at A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Tuesday, 21 June 2022 at 10:30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of our Company which will be held at the same broadcast venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof. The Notice of the EGM and Form of Proxy are enclosed in this Circular.

You are entitled to participate and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at CGB's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to EGM-support.CGB@megacorp.com.my not less than 48 hours before the time for holding the meeting or any adjournment thereof.

The lodgement of the Form of Proxy shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall deem to have been revoked.

Last day, date and time for lodging the Form of Proxy : Sunday, 19 June 2022 at 10:30 a.m.

Date and time of the EGM : Tuesday, 21 June 2022 at 10:30 a.m.

The Circular is dated 7 June 2022

DEFINITIONS

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

Act	: Companies Act 2016
Acquisition	: Acquisition by CICC of the Sale Shares from the Vendor for a purchase consideration of RM30,100,000 to be satisfied wholly by issuance of Consideration Shares
Board	: Board of Directors of CGB
Bursa Securities	: Bursa Malaysia Securities Berhad
CGB or Company	: Central Global Berhad
CGB Group or Group	: CGB and our subsidiaries, collectively
CGB Share(s) or Share(s)	: Ordinary shares in CGB
CICB	: Central Industrial Corporation Berhad, a wholly-owned subsidiary of CGB
CICC	: CIC Construction Sdn Bhd, a wholly-owned subsidiary of CGB
Circular	: This circular to our shareholders dated 7 June 2022 in relation to the Proposals
Consideration Share(s)	: A total of up to 28,942,308 new CGB Shares to be allotted and issued to the Vendor at the issue price of RM1.04 per CGB Share
COVID-19	: Novel coronavirus disease 2019
Deed Poll	: The deed poll constituting the Warrants to be executed by our Company
E&E	: Electrical and electronics
EGM	: Extraordinary General Meeting
EPS	: Earnings per Share
FYE	: Financial year ended / ending, as the case may be
FPE	: Financial period ended
GP	: Gross profit
HLIB or Principal Adviser	: Hong Leong Investment Bank Berhad
JBSB	: Jonah Bina Sdn Bhd
LAT	: Loss after taxation
LBT	: Loss before taxation
Listing Requirements	: Main Market Listing Requirements
LPD	: 19 May 2022, being the latest practicable date prior to the printing of this Circular
NA	: Net assets
PAT	: Profit after taxation

DEFINITIONS (CONT'D)

PBSB	:	Proventus Bina Sdn Bhd
PBT	:	Profit before taxation
Placement Shares	:	Up to 39,241,800 CGB Shares, representing not more than 30% of the enlarged total number of issued Shares based on the maximum scenario as set out in Section 2.2.1 of this Circular (excluding treasury shares, if any)
Proposals	:	Proposed Free Warrants Issue and Proposed Private Placement
Proposed Free Warrants Issue	:	Proposed free warrants issue of up to 65,403,155 Warrants on the basis of 1 Warrant for every 2 existing Shares held by our shareholders whose names appear in the record of depositors of our Company at the close of business on an entitlement date to be determined later
Proposed Private Placement	:	Proposed private placement of up to 39,241,800 CGB Shares, representing not more than 30% of the enlarged total number of issued Shares based on the maximum scenario as set out in Section 2.2.1 of this Circular (excluding treasury shares, if any)
RM and sen	:	Ringgit Malaysia and sen, respectively
RYRT International	:	RYRT International Sdn Bhd
RYRT International Shares	:	Ordinary shares in RYRT International
Sale Shares	:	1,400,070 RYRT International Shares, equivalent to 70% equity interest in RYRT International
Vendor or RYRT Holdings	:	RYRT Holdings Sdn Bhd
VWAMP	:	Volume weighted average market price
Warrant(s)	:	Up to 65,403,155 new free warrants to be issued by our Company pursuant to the Proposed Free Warrants Issue which will be governed under the Deed Poll
Warrants Entitled Shareholders	:	Our shareholders whose names appear in the record of depositors of our Company at the close of business on an entitlement date to be determined by our Board and announced by our Company later in order to participate in the Proposed Free Warrants Issue

References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires, shall include our subsidiaries. References to “**you**” in this Circular are to our shareholders.

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

All references to an enactment in this Circular are references to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY REPRESENTS A SUMMARY OF THE PERTINENT INFORMATION ON THE PROPOSALS AS SET OUT IN THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

Key information	Description	Reference to Circular
Issue size	<u>Proposed Free Warrants Issue</u> The Proposed Free Warrants Issue involves issuance of up to 65,403,155 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Warrants Entitled Shareholders. The minimum and maximum scenarios of the issuance size are set out in Section 2.1.1 of this Circular.	Section 2.1.1
	<u>Proposed Private Placement</u> The Proposed Private Placement involves issuance of up to 39,241,800 Placement Shares, representing not more than 30% of the enlarged total number of issued Shares (excluding treasury shares, if any). The minimum and maximum scenarios of the issuance size are set out in Section 2.2.1 of this Circular.	Section 2.2.1
Exercise price of the Warrants & Issue price of the Placement Share	<u>Proposed Free Warrants Issue</u> The exercise price of the Warrants has been fixed by our Board at RM0.80 per Warrant based on a discount of not more than 20% to the 5-day VWAMP of our Shares up to 7 April 2022, being the latest practicable date prior to the announcement. This discount was determined after taking into consideration the prospects and future plans of our Group as well as future funding requirements, and thus the need to fix an exercise price for the Warrants attractively in order to encourage the holders of the Warrant to exercise their Warrants during the tenure of 3 years for the Warrants.	Section 2.1.3
	<u>Proposed Private Placement</u> The issue price of the Placement Shares will be fixed by our Board and announced by our Company at a later date after receipt of all relevant approvals for the Proposed Private Placement. The Placement Shares will be issued at a price of not more than 10% discount to the 5-day VWAMP of CGB Shares immediately preceding the price-fixing date. This provides our Board the flexibility to fix any price range up to a maximum discount of 10% in order to attract investors to subscribe for the Placement Shares.	Section 2.2.5

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Rationale	<p>Our Board expects the Proposals to contribute positively to our Group based on the key rationale as set out below:</p> <p><u>Proposed Free Warrants Issue</u></p> <ul style="list-style-type: none"> (i) reward our existing shareholders by enabling them to participate in convertible securities of our Company which are issued at no cost to them and tradable on Bursa Securities; (ii) strengthen our Group's capital base and shareholders' funds as well as potentially provide funds for our Group to finance our working capital requirements, as and when the Warrants are exercised without incurring interest cost, as compared to bank borrowings; (iii) provide our existing shareholders with an opportunity to increase their equity in our Company at a predetermined price during the tenure of the Warrants; and (iv) allow our existing shareholders to further participate in the future prospects and growth of our Group and/or any potential capital appreciation in the Warrants and CGB Shares, as and when the Warrants are exercised. <p>Although our Group recorded losses for the past 2 financial years (FYE 31 December 2020 and 2021), the Proposed Free Warrants Issue will enable our Company to raise proceeds of up to RM52.32 million assuming full exercise of Warrants and based on the exercise price of RM0.80 per Warrants. This would benefit our Company as the additional funds will be utilised to finance our Group's day-to-day operations, including payment to contractors and suppliers for our construction projects as well as defrayment of operational and administrative expenses (e.g. staff costs, utilities and marketing expenses). The additional funds will contribute positively to the financial position of our Group and enhance our shareholders' equity.</p> <p><u>Proposed Private Placement</u></p> <ul style="list-style-type: none"> (i) to enable our Company to raise additional funds for the purpose as set out in Section 4.2 of this Circular without incurring additional interest costs associated with bank borrowings or other debt instruments; (ii) to meet the needs of our Group in the short-term and the most expeditious way to raise funds from the capital market as opposed to other forms of fund raising. This will ensure certainty to facilitate our Company for the purchase of materials and/or equipment for our construction projects within the 12 months period; and (iii) to further strengthen the financial position of our Group. 	Section 3.1
Utilisation of proceeds	<p><u>Proposed Free Warrants Issue</u></p> <p>Based on the exercise price of RM0.80 per Warrant, the maximum gross proceeds to be raised upon the full exercise of the Warrants is up to RM52.32 million.</p> <p>Our Company intends to utilise the proceeds arising from the exercise of the Warrants, if any, for the working capital of our Group. The proceeds raised from the exercise of the Warrants will be utilised to finance our Group's day-to-day operations, including the payment to contractors and suppliers for our construction projects as well as defrayment of operational and administrative expenses (e.g. staff costs, utilities and marketing expenses). The allocation of proceeds to be utilised for each component of the working capital shall be subjected to our Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by our Board at a later date.</p>	Section 4.1

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular																				
Utilisation of proceeds (cont'd)	<p><u>Proposed Private Placement</u></p> <p>Based on an illustrative issue price of RM0.84 per Placement Share and minimum and maximum scenarios, the proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:</p> <table> <tr> <th><u>Proposed utilisation of proceeds</u></th> <th><u>Minimum Scenario</u> <u>RM'000</u></th> <th><u>Maximum Scenario</u> <u>RM'000</u></th> <th><u>Expected timeframe for utilisation from the completion of the Proposed Private Placement</u></th> </tr> <tr> <td>Funding for our Group's existing and new construction project</td> <td>26,966</td> <td>30,613</td> <td>Within 12 months</td> </tr> <tr> <td>Working capital</td> <td>1,200</td> <td>1,200</td> <td>Within 6 months</td> </tr> <tr> <td>Estimated expenses relating to the Proposals</td> <td>1,150</td> <td>1,150</td> <td>Within 6 months</td> </tr> <tr> <td>Total</td> <td><u>29,316</u></td> <td><u>32,963</u></td> <td></td> </tr> </table>	<u>Proposed utilisation of proceeds</u>	<u>Minimum Scenario</u> <u>RM'000</u>	<u>Maximum Scenario</u> <u>RM'000</u>	<u>Expected timeframe for utilisation from the completion of the Proposed Private Placement</u>	Funding for our Group's existing and new construction project	26,966	30,613	Within 12 months	Working capital	1,200	1,200	Within 6 months	Estimated expenses relating to the Proposals	1,150	1,150	Within 6 months	Total	<u>29,316</u>	<u>32,963</u>		Section 4.2
<u>Proposed utilisation of proceeds</u>	<u>Minimum Scenario</u> <u>RM'000</u>	<u>Maximum Scenario</u> <u>RM'000</u>	<u>Expected timeframe for utilisation from the completion of the Proposed Private Placement</u>																			
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Estimated expenses relating to the Proposals	1,150	1,150	Within 6 months																			
Total	<u>29,316</u>	<u>32,963</u>																				
Approval required	<p>The Proposals are subject to the following approvals being obtained:</p> <p>(i) Bursa Securities, which was obtained on 31 May 2022, for the:</p> <p>(a) admission to the Official List and listing and quotation for up to 65,403,155 new Warrants to be issued pursuant to the Proposed Free Warrants Issue;</p> <p>(b) listing and quotation for up to 39,241,800 new CGB Shares to be issued pursuant to the Proposed Private Placement; and</p> <p>(c) listing and quotation for up to 65,403,155 new CGB Shares to be issued arising from the exercise of the Warrants; and</p> <p>(ii) our shareholders at our forthcoming EGM for the Proposals.</p>	Section 7																				
Directors' Statement and Recommendation	<p>Our Board, having considered the current and prospective financial position, needs and capacity of our Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of our Company.</p> <p>Accordingly, our Board recommends that you vote in favour of the ordinary resolutions pertaining to the Proposals to be tabled at the EGM.</p>	Section 10																				



Central Global Berhad

[Registration No.: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

Registered Office

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250, Kuala Lumpur
Wilayah Persekutuan
Malaysia

7 June 2022

Board of Directors:

Dato' Faisal Zelman bin Datuk Abdul Malik (*Non-Independent Non-Executive Chairman*)
Chew Hian Tat (*Group Managing Director*)
Lee Chee Vui (*Executive Director*)
Lee King Loon (*Independent Non-Executive Director*)
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah (*Independent Non-Executive Director*)
Lee Swee Meng (*Independent Non-Executive Director*)
Sahari bin Ahmad (*Independent Non-Executive Director*)

To: **Our shareholders**

Dear Sir / Madam,

(I) **PROPOSED FREE WARRANTS ISSUE; AND**

(II) **PROPOSED PRIVATE PLACEMENT**

1. INTRODUCTION

On 26 July 2021, our Company announced that we intend to undertake a bonus issue as well as a free warrants exercise. However, on 17 December 2021, our Company announced the abortment of the bonus issue exercise due to the then share price performance as our Board noted that Paragraph 6.30(1A) of the Listing Requirements requires the adjusted share price arising from the bonus issue exercise to be not less than RM0.50. Based on the share price of our Company at that juncture, the adjusted share price from the bonus issue exercise would be below RM0.50, our Board resolved to abort to the bonus issue exercise. In view that the free warrants issue exercise was conditional upon the bonus issue exercise, the free warrants issue exercise was also aborted.

On 8 April 2022, HLIB, on behalf of our Board, announced that our Company proposes to undertake the following:

- (i) proposed free warrants issue of up to 65,403,155 Warrants on the basis of 1 Warrant for every 2 existing Shares held by our Warrants Entitled Shareholders; and
- (ii) proposed private placement of up to 39,241,800 CGB Shares, representing not more than 30% of the enlarged total number of issued Shares (excluding treasury shares, if any).

On 31 May 2022, HLIB, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 31 May 2022, resolved to approve the following:

- (i) admission to the Official List and listing and quotation of up to 65,403,155 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
- (ii) listing and quotation for up to 39,241,800 new CGB Shares to be issued pursuant to the Proposed Private Placement; and
- (iii) listing and quotation for up to 65,403,155 new CGB Shares to be issued arising from the exercise of the Warrants.

The approval granted by Bursa Securities for the above is subject to the following conditions:

No.	Conditions	Status of compliance
(i)	CGB and HLIB must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposals;	To be complied.
(ii)	CGB and HLIB are required to inform Bursa Securities upon completion of the Proposals;	To be complied.
(iii)	CGB and HLIB is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied.
(iv)	CGB / HLIB is required to furnish to Bursa Securities with a certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed Private Placement; and	To be complied.
(v)	CGB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS, TO SET OUT OUR BOARD'S OPINION AND RECOMMENDATION IN RELATION TO PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RELATION TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Free Warrants Issue

2.1.1 Basis and number of Warrants to be issued

The Proposed Free Warrants Issue entails the issuance of up to 65,403,155 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Warrants Entitled Shareholders.

The basis and number of Warrants to be issued are determined after taking into consideration the following:

- (i) the total issued share capital of 116,335,156 CGB Shares as at the LPD;
- (ii) the potential dilutive effect on CGB's earnings per Share; and
- (iii) the number of new CGB Shares arising from the exercise or conversion of all outstanding convertible equity securities⁽¹⁾ must not exceed 50% of our Company's total number of issued shares (excluding treasury shares and before the exercise of convertible equity securities⁽¹⁾) at all times, in compliance with Paragraph 6.50 of the Listing Requirements.

Note:

- (1) *Convertible equity securities shall mean warrants and convertible preference shares. As at the LPD, our Company does not have any convertible equity securities.*

The number of Warrants to be issued pursuant to the Proposed Free Warrants Issue based on the minimum and maximum scenarios are as follows:

- Minimum Scenario** :
 - Based on the total issued share capital of 116,335,156 CGB Shares as at the LPD; and
 - Under the Minimum Scenario, the total number of Warrants to be issued would be 58,167,578.
- Maximum Scenario** :
 - Based on the total issued share capital of 116,335,156 CGB Shares as at the LPD; and
 - Assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition⁽¹⁾.
 - Under the Maximum Scenario, the total number of Warrants to be issued would be 65,403,155.

Note:

- (1) *Based on the terms of the sale and purchase agreement for the Acquisition ("SPA"), 50% of the purchase consideration, representing RM15.05 million was settled by the issuance of 14,471,154 Consideration Shares ("First Tranche Consideration Shares") on 20 April 2022. The remaining 50% of the purchase consideration amounting to RM15.05 million will be settled by CICC where CICC will cause CGB to issue 14,471,154 Consideration Shares at the issue price of RM1.04 each on a deferred payment basis, at every 6 months interval, which shall be issued proportionately to the Vendor equivalent to the aggregated audited PAT to be achieved by RYRT International pursuant to a profit guarantee, upon the terms of the SPA. In the event such profit guarantee is achieved before the implementation of the Proposed Free Warrants Issue, the remaining 14,471,154 Consideration Shares will be issued to the Vendor.*

The actual number of Warrants to be issued pursuant to the Proposed Free Warrants Issue will be dependent on the total number of issued Shares as at the entitlement date for the Proposed Free Warrants Issue.

Fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and/or dealt with by our Board in such manner as our Board at their absolute discretion deems fit and expedient and in the interest of our Company.

The Proposed Free Warrants Issue is not intended to be implemented in stages over a period of time. For avoidance of doubt, the Proposed Free Warrants Issue will be implemented before the Proposed Private Placement.

2.1.2 Salient terms of the Warrants

The Warrants shall have a tenure of 3 years at the exercise price of RM0.80 per Warrant. The Warrants will be issued in registered form and constituted by the provision of the Deed Poll to be executed by our Company. The salient terms of the Warrants are set out in **Appendix I** of this Circular.

2.1.3 Basis and justification of the exercise price of the Warrants

The exercise price of the Warrants has been fixed by our Board at RM0.80 per Warrant. The exercise price of the Warrants was determined by our Board after taking into consideration the following:

- (i) the historical trading price of CGB Shares;
- (ii) a discount of not more than 20% over the 5-day VWAMP of CGB Shares up to 7 April 2022, being the latest practicable date prior to the announcement. This discount was determined after taking into consideration the prospects and future plans of our Group as well as future funding requirements, and thus the need to fix an exercise price for the Warrants attractively in order to encourage the holders of the Warrant to exercise their Warrants during the tenure of 3 years for the Warrants;
- (iii) the prevailing market conditions; and
- (iv) the future working capital requirements of our Group.

The exercise price of RM0.80 per Warrant represents a discount of RM0.148 or 15.61% over the 5-day VWAMP of CGB Shares up to and including 7 April 2022, being the latest practicable date prior to the announcement of RM0.948.

2.1.4 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/or offer of securities in CGB until and unless such holders of the Warrants exercise their Warrants into new CGB Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, carry the same rights with the existing CGB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/or any other distributions which may be declared, made or paid to our Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

2.1.5 Listing and quotation of the Warrants and new Shares pursuant to the exercise of the Warrants

Approval has been obtained from Bursa Securities, vide its letter dated 31 May 2022, for the admission, listing of and quotation for the Warrants on the Main Market of Bursa Securities, as well as the listing of and quotation for the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 1** of this Circular.

2.2 Proposed Private Placement

2.2.1 Size of Placement

The Proposed Private Placement involves the issuance of up to 39,241,800 Placement Shares, representing not more than 30% of the enlarged issued share capital assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition before the implementation of the Proposed Private Placement.

The Placement Shares to be issued pursuant to the Proposed Private Placement based on the minimum and maximum scenarios are as follows:

	No. of Shares	
	⁽¹⁾ Minimum Scenario	⁽¹⁾ Maximum Scenario
Issued share capital as at the LPD	116,335,156	116,335,156
Assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition before the implementation of the Proposed Private Placement ⁽²⁾	-	14,471,154
Enlarged issued share capital	116,335,156	130,806,310
Number of Placement Shares to be issued pursuant to the Proposed Private Placement	34,900,500	39,241,800

Notes:

- (1) Assuming none of the Warrants are exercised into new CGB Shares.
- (2) Based on the terms of the SPA for the Acquisition, 50% of the purchase consideration, representing RM15.05 million was settled by the issuance of First Tranche Consideration Shares on 20 April 2022. The remaining 50% of the purchase consideration amounting to RM15.05 million will be settled by CICC where CICC will cause CGB to issue 14,471,154 Consideration Shares at the issue price of RM1.04 each on a deferred payment basis, at every 6 months interval, which shall be issued proportionately to the Vendor equivalent to the aggregated audited PAT to be achieved by RYRT International pursuant to a profit guarantee, upon the terms of the SPA. In the event such profit guarantee is achieved before the implementation of the Proposed Free Warrants Issue, the remaining 14,471,154 Consideration Shares will be issued to the Vendor.

For avoidance of doubt, as at the LPD, our Company does not hold any treasury shares and does not have any outstanding convertible securities.

2.2.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007. The Placement Shares are not intended to be placed to the following persons:

- (i) a director, major shareholder or chief executive of our Company or a holding company of our Company ("**Interested Person**");
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

2.2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares.

2.2.4 Listing and quotation of the Placement Shares

Approval has been obtained from Bursa Securities, vide its letter dated 31 May 2022, for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 1** of this Circular.

2.2.5 Basis of determining and justification of the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by our Board and announced by our Company at a later date after receipt of all relevant approvals for the Proposed Private Placement.

The Placement Shares will be issued at a price of not more than 10% discount to the 5-day VWAMP of CGB Shares immediately preceding the price-fixing date. This provides our Board the flexibility to fix any price range up to a maximum discount of 10% in order to attract investors to subscribe for the Placement Shares. Our Board intends to fully place out the Placement Shares at an attractive price as well as acceptable to both our Company and potential investor(s) as well as to also meet CGB Group's funding objectives as set out in **Section 4.2** of this Circular. After taking into consideration the prevailing market conditions and market sentiments, our Board is of the view that a discount of up to 10% will be attractive enough to entice potential investor(s) to subscribe for the Placement Shares.

In the event the Placement Shares are to be issued in tranches, there will be a price-fixing announcement for each tranche and our Company will ensure payment for the Placement Shares by the placee(s) is received within five (5) market days from the price-fixing date of each tranche of the Proposed Private Placement.

For illustrative purposes only, based on an illustrative issue price of RM0.84 per Placement Share, the issue price of the Placement Shares would represent a discount of 10% to the 5-day VWAMP of the Shares up to and including the LPD of RM0.9334.

3. RATIONALE OF THE PROPOSALS

3.1 Proposed Free Warrants Issue

The Proposed Free Warrants Issue is intended to:

- (i) reward our Company's existing shareholders by enabling them to participate in convertible securities of our Company which are issued at no cost to them and tradable on Bursa Securities;
- (ii) strengthen our Group's capital base and shareholders' funds as well as potentially provide funds for our Group to finance our working capital requirements, as and when the Warrants are exercised without incurring interest cost, as compared to bank borrowings;
- (iii) provide our existing shareholders with an opportunity to increase their equity in our Company at a predetermined price during the tenure of the Warrants; and
- (iv) allow our existing shareholders to further participate in the future prospects and growth of our Group and/or any potential capital appreciation in the Warrants and CGB Shares, as and when the Warrants are exercised.

Although our Group recorded losses for the past 2 financial years (FYE 31 December 2020 and 2021), the Proposed Free Warrants Issue will enable our Company to raise proceeds of up to RM52.32 million assuming full exercise of Warrants and based on the exercise price of RM0.80 per Warrants. This would benefit our Company as the additional funds will be utilised to finance our Group's day-to-day operations, including payment to contractors and suppliers for our construction projects as well as defrayment of operational and administrative expenses (e.g. staff costs, utilities and marketing expenses). The additional funds will contribute positively to the financial position of our Group and enhance our shareholders' equity.

3.2 Proposed Private Placement

Our Company had undertaken a fund raising exercises in the past 12 months, raising a gross proceeds of approximately RM13.02 million. A summary of the dilution to shareholders in respect of the 20% private placement exercise and the Proposed Private Placement is tabulated below:

<u>Date completed / Date announced</u>	<u>Proposal</u>	<u>Gross proceeds raised / to be raised</u>	<u>No. of Shares issued / to be issued</u>	<u>No. of Shares prior to the proposals</u>	<u>*Dilution to shareholders</u>
		RM'000	'000	'000	
24 December 2021	20% private placement	^(a) 13,025	11,864	90,000	13.18%
8 April 2022	Proposed Private Placement	Up to 32,963	Up to 39,242	[^] 130,806	30.00%

Notes:

[^] Assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition before the implementation of the Proposed Private Placement.

^{*} Calculated based on the number of Shares issued divided by the number of shares prior to the implementation of the proposal.

(a) The proceeds raised from the 20% private placement exercise were used for the following:

	<u>Proceeds raised</u>	<u>Actual utilisation</u>	<u>Balance unutilised as at the LPD</u>
	RM'000	RM'000	RM'000
Capital expenditure for purchase and installation of new masking tape coater production line	3,000	868	2,132
Funding for our Group's existing construction projects	7,417	7,417	-
Working capital	2,228	2,228	-
Expenses for the corporate exercise	380	378	2
Total	13,025	10,891	2,134

After having considered the above, the financial condition and performance of our Group as well as the new construction projects secured, our Board intends to undertake the Proposed Private Placement to enable our Company to raise additional funds for the purpose as set out in **Section 4.2** of this Circular without incurring additional interest costs associated with bank borrowings or other debt instruments. Our Board believes that the Proposed Private Placement is the most cost-effective source of capital to meet the needs of our Group in the short-term and the most expeditious way to raise funds from the capital market as opposed to other forms of fund raising. This will ensure certainty to facilitate our Company for the purchase of materials and equipment for our construction projects within the 12 months period. In addition, a cash call from the existing shareholders via a rights issue will take longer time to complete as it involves the need to consider procuring undertaking from certain shareholders and/or underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level.

Although the Proposed Private Placement is expected to result in dilution to the shareholdings of existing shareholders of our Company, the use of the proceeds from the Proposed Private Placement is expected to contribute positively to the future earnings of our Group.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of our Group.

4. UTILISATION OF PROCEEDS

4.1 Proposed Free Warrants Issue

As and when the Warrants are exercised, the exact quantum of proceeds that may be raised by us will depend on the actual number of Warrants exercised during the tenure of the Warrants. As such, the exact timeframe and the breakdown for the utilisation of the proceeds cannot be determined at this juncture.

Based on the exercise price of RM0.80 per Warrant, the maximum gross proceeds to be raised upon the full exercise of the Warrants is as follows:

Number of Warrants to be issued	Up to 65,403,155
Total gross proceeds to be raised assuming full exercise of Warrants	Up to RM52.32 million

Our Company intends to utilise the proceeds arising from the exercise of the Warrants for the working capital of our Group. The proceeds raised from the exercise of the Warrants will be utilised to finance our Group's day-to-day operations, including the payment to contractors and suppliers for our construction projects as well as defrayment of operational and administrative expenses (e.g. staff costs, utilities and marketing expenses). The allocation of proceeds to be utilised for each component of the working capital shall be subjected to our Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by our Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Warrants are exercised, the proceeds may be placed in deposits with licensed financial institutions and/or short-term money market instruments. The interest income derived from the deposits with licensed financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of our Group.

4.2 Proposed Private Placement

Based on an illustrative issue price of RM0.84 per Placement Share and minimum and maximum scenarios, the proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:

	Minimum Scenarios	Maximum Scenario	Expected timeframe for utilisation from the completion of the Proposed Private Placement
Proposed utilisation of proceeds	RM'000	RM'000	
Funding for our Group's existing and new construction projects ⁽¹⁾	26,966	30,613	Within 12 months
Working capital ⁽²⁾	1,200	1,200	Within 6 months
Estimated expenses relating to the Proposals ⁽³⁾	1,150	1,150	Within 6 months
Total	29,316	32,963	

Notes:**(1) Funding for our Group's existing and new construction projects**

The historical financial performance of our construction segment for the past 3 financial years are as follows:

Construction contracts segment	Audited for the FYE 31 December		
	2019	2020	2021
	RM'000	RM'000	RM'000
Segment revenue	59,910	65,240	46,915
Segment profit / (loss)	3,169	(4,697)	(2,869)

On 23 February 2022, we announced that our subsidiary, PBSB, being the sub-contractor, accepted three (3) letters of award from JBSB, being the main contractor appointed by Prisma Bumiraya Sdn Bhd, for total contracts sum of RM85.14 million. The contracts are for construction of residential buildings in Penang, specifically the Montage condominium in Sungai Nibong, Penang, the Quinton condominium in Balik Pulau, Penang and the Sri Bayu apartment in Bayan Lepas, Penang. This includes daily maintenance of public roads to and fro the project site and maintaining the completed subcontract works, including repair, rectification, replacement of defective parts, components, items, materials and equipment.

Further details of the contracts above are set out below:

Projects / PBSB's role	Scope of Work	Project owner / Customer name	Contract sum (RM'million)	Commencement date / Contractual completion date	Status of completion as at the LPD
Quinton Project / Sub-contractor	Build all road and drainage system, installation of aluminum facade works, elevator lift system installations, all sanitary with sewerage and plumbing systems, firefighting systems, civil and structure as well as installation of all mechanics and electrical system for one (1) block sixteen storey affordable condominium comprising 378 units including parking lot and community facility on Lot-Lot 94, 95 & Petak A (Part of Lot 378 & 380), Jalan Sungai Pinang, Mukim E, Daerah Barat Daya, Pulau Pinang.	Prisma Bumiraya Sdn Bhd / JBSB	52.63	February 2022 / February 2023	-
Montage Project / Sub-contractor	Mechanical and electrical installations, lift elevator installation, firefighting installations, internal and external road and drainage works, swimming pool installations, sanitary and plumbing works, aluminum and glazing works, security system installation, interior fit out and kitchen cabinet installation works, facade and compound lighting works, and air conditioning installations.	Prisma Bumiraya Sdn Bhd / JBSB	29.39	February 2022 / October 2022	30%

Projects / PBSB's role	Scope of Work	Project owner / Customer name	Contract sum (RM'million)	Commencement date / Contractual completion date	Status of completion as at the LPD
Sri Bayu Project / Sub-contractor	Installation of firefighting systems, installation of all mechanical and electrical systems and elevator lift for one 1 block twelve (12) floors affordable apartment comprising: (i) 166 units - 700 sq ft and 80 units - 650 sq ft; and (ii) 1 block of 10 storey (Annex) yang parking lot and community facility, on Lot 332, Jalan Sungai Rusa, Mukim 3, D.B.D., Pulau Pinang.	Prisma Bumiraya Sdn Bhd / JBSB	3.12	February 2022 / August 2022	-
Total			85.14		

After taking into account the above contracts secured, our Group's construction segment has a total order book of approximately RM180.24 million as at the LPD.

We intend to allocate up to RM31.0 million of the proceeds to be raised from the Proposed Private Placement to fund for the above construction projects for the purchase of buildings materials, rental of equipment, wages and salaries of workers and personnel.

As at 31 December 2021, our Group's audited cash and cash equivalents stood at approximately RM6.53 million. As such, the proceeds raised from the Proposed Private Placement will be utilised by our Group for purchase of building construction materials to ensure timely delivery of the above-mentioned construction projects and thereby enabling our Group to yield the returns from undertaking of these projects. The proceeds to be raised from the Proposed Private Placement which are earmarked for this purposes would provide a funding alternative for our Group to deliver our obligations without solely relying on the collections from progressive billings from our customer and/or our Group's internally generated funds and/or bank borrowings.

The actual utilisation of proceeds may differ in the future depending on the actual proceeds to be raised from the Proposed Private Placement and the timing as well as the progress of the above-mentioned projects. Any shortfall in our Group's funding requirements for the projects are expected to be met from progressive billings to be received and/or internally generated funds and/or the proceeds raised from the exercise of the warrants from time to time and/or bank borrowings. Conversely, if the actual funding requirement is lower than the budgeted amount, the surplus will be utilised for working capital.

(2) **Working capital**

We intend to allocate up to RM1.20 million of the proceeds to be raised from the Proposed Private Placement to fund for working capital purposes which include administration and operating expenses such as security cost, staff cost and other expenses required to support all on-going business operations.

Further breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative expenses to be incurred by our Group at the relevant time.

(3) **Estimated expenses relating to the Proposals**

The breakdown of the estimated expenses are as follows:

Estimated expenses	RM'000
<i>Professional fees^(a)</i>	1,060
<i>Fees payable to relevant authorities</i>	63
<i>Printing, despatch of circular to shareholders and advertising expenses</i>	7
<i>Miscellaneous expenses and contingencies</i>	20
Total	1,150

Note:

- (a) *These include advisory fees payable to our principal adviser, management fees and placement commission payable to the placement agent for the management of the placement process and identification of the placees respectively as well as other professional fees payable to the solicitors, company secretary and share registrar in relation to the Proposals.*

In the event that the proceeds from the Proposed Private Placement are insufficient for the above-mentioned utilisation of proceeds, we may consider other avenues of funding such as internally generated funds and/or the proceeds raised from the exercise of the warrants from time to time and/or bank borrowings to meet our financial requirements at a later date, if necessary.

Pending the use of the proceeds from the Proposed Private Placement for the above-mentioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest income derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital of our Group.

5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

5.1 Economic outlook of Malaysia

The Malaysian economy grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

Key economic sectors expanded in the first quarter of 2022. The manufacturing sector grew by 6.6% (4Q 2021: 9.1%). Export-oriented industries increased more moderately as the strong growth in the E&E cluster was partially weighed by lower growth in the primary-related cluster. The double-digit growth recorded in the E&E cluster was driven by robust demand for semiconductors amid technological developments such as 5G, cloud computing, and the Internet of Things. However, growth in the primary-related cluster moderated as the production of selected pandemic-induced products such as rubber gloves began to normalise. Meanwhile, domestic-oriented industries recovered further post-containment measures. The consumer cluster continued to expand, particularly in the motor vehicle and transport equipment segment as carmakers ramped up production to meet the backlog of orders. Demand for construction materials, such as metals, fabricated metals, and non-metallic minerals, also continued to grow, following the smaller contraction in construction activity.

The construction sector contracted at a smaller pace of 6.2% (4Q 2021: -12.2%). Progress in new and existing commercial and industrial projects continued to support activity in the non-residential subsector. Meanwhile, the implementation of small-scale projects under the budget

2022 sustained growth in special trade activities. Growth in the civil engineering and residential subsectors improved but remained subdued.

During the quarter, domestic demand expanded by 4.4% (4Q 2021: 1.9%). Growth was supported by higher consumption and improvement in investment activities amid the normalisation of economic activity. On the external front, demand for Malaysia's exports, particularly for E&E products, remained strong.

Private consumption grew at a faster pace of 5.5% (4Q 2021: 3.7%), supported by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The continued strength in consumer expenditure was primarily driven by the recovery in the labour market with higher wage and employment growth. Policy measures, such as Bantuan Keluarga Malaysia, also provided additional support to consumer spending. Public consumption grew by 6.7% (4Q 2021: 1.6%). The expansion was driven mainly by higher growth in supplies and services amid continued support from COVID-19 related expenditure, including vaccine procurement and logistics spending.

Gross fixed capital formation ("**GFCF**") registered a marginal growth of 0.2% (4Q 2021: -3.0%) as capital spending by both private and public sectors improved. By type of asset, machinery and equipment ("**M&E**") investments grew by 12.0% (4Q 2021: 17.4%). Meanwhile, investments in structures and other assets declined by a smaller pace of 7.9% (4Q 2021: -15.6%) and 0.9% (4Q 2021: -3.3%) respectively. Private investment turned around to register a positive growth of 0.4% (4Q 2021: -2.8%), supported by capital spending in the services and manufacturing sectors. Investments in ICT-related equipment and machinery for manufacturing remained robust, as firms continued to embrace automation and digitalisation. Structures investment registered a smaller contraction, mainly supported by the non-residential segment. This reflects the gradual ramp-up of investment projects amid the reopening of the economy.

Public investment declined at a smaller pace (-0.9%; 4Q 2021: -3.4%), underpinned by the improvement in General Government's fixed assets spending.

The Malaysian economy is expected to improve further in 2022, underpinned by stronger domestic demand, continued expansion in external demand and improving labour market. Going forward, growth would continue to benefit from the easing of restrictions and reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realization of multi-year projects.

However, the risks to Malaysia's growth prospects remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

(Source: BNM Quarterly Bulletin Vol. 37 No.1, First Quarter 2022, Bank Negara Malaysia)

5.2 Outlook of Malaysian manufacturing sector

The manufacturing sector rebounded by 15.8% in the first half of 2021, supported by positive growth in all subsectors. The growth momentum is expected to continue in the second half with an expansion rate of 1.5%, mainly driven by the export-oriented industries. The main subsectors which will significantly contribute to the industries are electrical, electronics and optical products as well as petroleum, chemical, rubber and plastic products.

For the year, the sector is expected to post a sturdy growth of 8.1% attributed to both the export- and domestic-oriented industries. Within the export-oriented industries, the E&E segment is projected to improve, following higher demand for semiconductor items, which is reflected by the rising sales across the range of chip products. In addition, the rubber and textiles segments are anticipated to expand, following increasing demand for rubber gloves and personal protective equipment (PPE) amid the prolonged COVID-19 pandemic. Similarly, within the domestic-

oriented industries, the basic pharmaceuticals and medicinal chemical products, and food products segments are projected to increase in line with the economic expansion.

The manufacturing sector is expected to expand by 4.7% in 2022, attributed to the steady performance of both export- and domestic-oriented industries. As one of the key players in the world semiconductor trade, the stronger global demand for E&E products will continue to provide the impetus for Malaysia's manufacturing sector. Stricter global healthcare regulations and increasing hygiene awareness will help in boosting production in the rubber and chemical related segments. Concurrently, the anticipation of more vibrant industrial and construction activities as well as higher demand for household-related products are expected to give an additional boost to the sector.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

5.3 Outlook of Malaysian construction sector

The construction sector registered a strong growth of 8.3% in the first half of 2021, supported by an improvement in specialised construction activities, non-residential buildings and residential buildings subsectors. The better performance was also attributed to the low base effect following a significant drop in construction works during the corresponding period last year. However, the civil engineering subsector contracted due to the temporary suspension of infrastructure projects following stringent COVID-19 virus containment measures. In contrast, the sector is forecast to decline by 8.4% in the second half of the year, weighed down by civil engineering, non-residential buildings and residential building subsectors, despite the resumption of construction activities. Nevertheless, the decline is being cushioned by a rebound in the specialised construction activities subsector. Overall, the sector is expected to record a marginal contraction of 0.8% during the year compared to a double-digit decline in 2020.

The construction sector is projected to turn around by 11.5% in 2022 on account of better performance in all its subsectors. The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects, such as Light Rail Transit Line 3 (LRT3), Mass Rail Transit Line 3 (MRT3), Johor-Singapore Rapid Transit System (RTS) as well as the Pan Borneo highways in Sabah and Sarawak. Utility projects, including Baleh Hydroelectric, Sarawak Water Supply Grid Programme and Large-Scale Solar 3 plant, are also projected to spur growth. Similarly, the residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses. The measures, among others, are the continuation of the Rent-to-Own scheme and full stamp duty exemptions for first-time home buyers as well as Rumah Mesra Rakyat and People's Housing programmes. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

5.4 Prospects and future plans of our Group

Our Group is currently involved in:

- **Manufacturing segment**

Under our manufacturing segment, our business activities include manufacturing, trading, marketing and sales of self-adhesive label stocks and tapes of our own brand and of others as well as related products; and

- **Construction segment**

Our construction segment's principal activities include, being a contractor of building and infrastructure, general contract works and trading of building materials.

(i) **Manufacturing**

Our manufacturing division which is undertaken by CICB focuses on manufacturing and sales of self-adhesive label stocks and tapes. Our existing manufacturing plant is located in Mukim Sungai Pasir, Kuala Muda, Kedah on a factory land area measuring approximately 7.99 acres (or approximately 347,836 square feet).

Our manufacturing operations continue to face headwinds with the softening domestic and slowing Malaysian economy. For the export segment, on-going USA and China trade tensions resulted in increased regional competition as Chinese manufacturers for masking tapes and label stocks lowered prices to support manufacturing output. In addition, the outbreak of COVID-19 pandemic has affected our Group's business due to imposition of the various national lockdown and restrictions ("**MCO**") to curb the spread of COVID-19.

Furthermore, continued demand for our Group's products is also dependent on continued recovery of the economy.

The revenue from our manufacturing segment for the latest audited financial year increased by 14.57% from RM52.49 million in FYE 31 December 2020 to RM60.13 million in FYE 31 December 2021, mainly due to higher export sales and variation in sales mix, which include the sales of high temperature masking tapes which contributed higher GP margin as compared to the general purpose masking tapes. Despite the impact of enhanced movement control order during year 2021, our manufacturing segment recorded an increase in segment profit of RM1.86 million in FYE 31 December 2021 (FYE 31 December 2020: segment profit of RM1.22 million).

Measures taken to improve our Group's manufacturing operations and mitigate the impact of COVID-19 on our Group's manufacturing segment

CICB had in July 2021 participated in the Program Imunisasi Industry COVID-19 Kerjasama Awam-Swasta ("**PIKAS**") to provide vaccination for our employees. With the participation in the PIKAS, we hope to contribute in curbing the current pandemic situation and remains hopeful that the provision of vaccination to our employees of the manufacturing plant could reduce the chances of workplaces cluster and thereby ensuring business continuity in this challenging business operating environment. As at the LPD, employees under the manufacturing division have been fully vaccinated.

Despite the challenging external economic pressures to our manufacturing operations, we remain steadfast in meeting these challenges. Some of the strategies and measures undertaken by our manufacturing operations include:

- (a) continue to improve our manufacturing operational efficiencies and quality to support the growth of masking tapes sales to the domestic segment. Among the initiatives undertaken by us include the following:
 - we have signed up an updated Enterprise Resource Planning system which will facilitate the plant in enhancing material and process management as well as routing and product costing refinement. The updated enterprise Resource Planning system is expected to be commenced on 1 July 2022; and
 - KAIZEN (Japanese term meaning "continuous improvement") and LEAN (LEAN is a concept of efficient manufacturing / operations) concepts continue to drive productivity and quality;
- (b) continue with supply chain strategies by undertaking cost reduction initiatives of key raw materials, to mitigate higher cost of sales. To this end, the manufacturing operations were successful in developing alternative lower cost crepe paper with our existing suppliers which expect to result in cost savings. The new product development started in November 2014, with the objectives to develop new products for masking tapes, where we source alternative raw materials to lower our cost of

production while maintaining the quality and to ensure sufficient stocks when worldwide supplies experience scarcity.

Over the years, we have sourced our alternative raw materials where we purchase crepe papers from Taiwan to produce masking tape. The Taiwanese crepe papers are the main source while we still maintaining several grades from USA and Europe for the production of masking tape. We also exploring supplies from China and other potential suppliers from USA and Europe to diversify our suppliers base;

- (c) continue to actively seek out new agencies / products to be launched, in addressing changes in consumer preferences, increasing competition and advances in technology;
- (d) communication and discussions are carried out on a daily basis with personnel at all levels to keep them updated with the latest progress of the manufacturing plant and latest changes in the standard operating procedures by the relevant authorities in-line with the various MCO imposed by Malaysian government; and
- (e) planning for further capacity expansion driven by market opportunities in the competitive self-adhesive tapes markets to cater for growing demand from domestic and export customers. The products manufactured by us are more suitable for the South East Asian market such as adaptable to humidity and heating treatment. The products manufactured have the required quality and adaptableness to cater for, in particular the automotive industry.

(ii) Construction

Our construction unit, PBSB, being the wholly-owned subsidiary of our Company, is a contractor with Category G7 registered with the Construction Industry Development Board (“CIDB”). With the G7 categorisation, PBSB is qualified to tender and carry out all categories of private construction contracts. Our construction segment is focused on providing the full spectrum of construction works, construction related activities, mainly in residential and commercial developments in Malaysia.

The revenue from our construction segment based on the latest audited accounts for the FYE 31 December 2021 decreased by 28.08% from RM65.24 million in FYE 31 December 2020 to RM46.92 million in FYE 31 December 2021, mainly due to stoppage of construction work as a result of the various imposition of MCO by the Government.

Despite our construction segment recorded a lower segment loss of RM2.87 million in FYE 31 December 2021 (FYE 31 December 2020: segment losses of RM4.70 million), we had accelerated work progress for Montage Project which is currently 30% completed and secured new construction projects during the year 2021 namely RYRT Lahad Datu Phase 1 Water Supply System with a contract value of RM100.542 million and is currently 43% completed.

Measures taken to improve our Group’s construction operations and mitigate the impact of COVID-19 on our Group’s construction segment

Since the initial MCO in March 2020 till the LPD, PBSB has been continuously updating its standard operating procedures in adherence with the Malaysian government’s and relevant authorities’ requirements to sustain its business operations while minimising the spread of COVID-19 among its workforce.

As at the LPD, our Group’s outstanding order book stood at approximately RM180.24 million. The unprecedented economic impact of the COVID-19 will continue to have a bearish effect on the construction industry. However, PBSB has re-organised its resources internally to enhance efficiency and productivity of the team and to optimise our Group’s cash flow position by reducing its staff cost by approximately 27% in year 2021 and reorganising roles internally to preserve our Group’s cash flow.

Moving forward, PBSB will focus on delivering the on-going projects which will continue to contribute to our Group's revenues and profits. Amidst the current challenging business operating environment, we continue to work closely with our network of developers in securing potential development projects. We endeavour to deliver our projects with quality and timeliness to build our reputation in the construction industry. PBSB is also looking forward to actively participate in tendering building works and infrastructure projects. Our marketing efforts will focus mainly on looking into working closely with established construction players to jointly / collaborate in undertaking some of these public infrastructure projects.

Despite the challenging conditions due to the COVID-19 pandemic, we had on February 2022 secured new projects, namely the three (3) letters of award PBSB accepted from JBSB in respect of main building and services works for residential construction with a contract value of RM85.14 million. In addition, we will continue to tender and secure more projects to sustain our construction business and future profitability.

On 16 April 2021, PBSB accepted a letter of award from RYRT International for Phase 1 of "Projek Menaiktaraf Sistem Bekalan Air" located at Lahad Datu with a contract value of RM100.54 million. The scope of works encompasses the supply of labour, materials, machinery and equipment relating to the upgrading of water supply infrastructure connecting Kg Belacon to the water treatment plant located at Jalan Dam, and further connecting to the main water reservoir at Lahad Datu, Sabah. This project commenced on 28 April 2021 and is expected to be completed in June 2023.

Notwithstanding the current uncertain operating environment, our Board believes that by proceeding with the plans and strategies as mentioned above, our Group has the opportunity to create economic value and increase the earnings potential in the near future. As the COVID-19 pandemic situation is still evolving, we will remain vigilant by closely monitoring developments to ascertain the magnitude of the on-going impact from the COVID-19 pandemic and will continue to exercise prudence in managing the operations of our Group. Premised on the above, our Board is cautiously optimistic on the gradual recovery of the Malaysian economy. Nevertheless, our Board is looking forward to better economic prospects in 2022 in view of the global roll-out of vaccines.

(Source: Management of CGB)

5.4.1 Steps taken by our Group to improve our financial condition

Sections 5.4(i) and 5.4(ii) of this Circular set out the measures taken to improve our manufacturing operations and mitigate the impact of COVID-19 on our manufacturing segment as well as measures taken to improve our construction operations and mitigate the impact of COVID-19 on our construction segment. We have taken steps to improve our financial performance and strengthen our financial position which include the following:

(i) Secure more projects / contracts / business arrangements to sustain our construction business and future profitability

We have been seeking new opportunities and projects to enable us to generate more revenue from our construction segment. Some of the major projects successfully secured in FYE 2022 and currently undertaken by our Group, which will be funded from the utilisation of proceeds as set out in **Section 4.2** of this Circular.

On 23 February 2022, PBSB accepted three (3) letters of award with a contract value of RM85.14 million from JBSB. The contracts are construction of the Montage condominium in Sg. Nibong, the Quinton condominium in Balik Pulau and the Sri Bayu apartment in Bayan Lepas, all of which are located in Penang. The scope of works encompasses the construction of the residential building, the sub-contractor works for JBSB including to provide daily maintenance of public roads to and fro the project site as well as maintaining the completed subcontract works which include but are not limited to repair, rectification, replacement of defective parts, component, items, materials and equipment. The

construction of Montage and Quinton condominiums commenced in February 2022 and are expected to be completed by October 2022 and February 2023 respectively, while the construction of Sri Bayu apartment commenced in February 2022 and expected to be completed on August 2022.

Notwithstanding to the above, we will continue to pursue more contracts for our construction business when the opportunity arises to improve our financial condition, including exploring potential partnerships and/or participating in more tenders. As at the LPD, our Group's outstanding order book stood at approximately RM180.24 million.

(ii) Increase production capacity of masking tape

Our plans for our manufacturing operations include:

- continuing focus on production and sales of masking tapes;
- keeping critical production volumes up;
- undertaking efforts to drive efficiencies in production to minimise wastages; and
- ensuring consistency in product quality,

all of which are key to support sustainable and recurring orders, especially for export orders for the South East Asian market.

In line with our plans for our manufacturing operations, we have embarked on an expansion plan to increase the production capacity of masking tape. We have placed orders to purchase of the machinery and to install a new masking tape coater production line (New Line) which is expected to generate production capacity of approximately 50 million square meter per annum. Thus, with the addition of the New Line, our total production capacity will increase to 70 million square meter per annum. The New Line will be located in our existing manufacturing facility which would occupy approximately 22,755 square feet. The New Line is expected to be commissioned by October 2022 and commence commercial production by January 2023.

5.4.2 Impact of the Proposals to our Company and shareholders

Proposed Free Warrants Issue

The Proposed Free Warrants Issue, which is to be issued on a pro-rata basis, is not expected to raise funds immediately and/or on a "lump-sum" basis as the Warrants will be issued at no cost to the Warrants Entitled Shareholders. However, as and when the Warrants are exercised during the tenure of the Warrants of 3 years, the Proposed Free Warrants Issue will enable our Company to raise additional funds for working capital. Under the Maximum Scenario and based on the exercise price of RM0.80, our Company may potentially raise gross proceeds of up to RM52.32 million over the tenure of the Warrants of 3 years. **Section 4.1** of this Circular sets out, among others, the utilisation of proceeds arising from the exercise of Warrants.

The potential funds to be raised from the exercise of Warrants will be utilised as additional working capital for our Group's day-to-day operations such as payment to contractors and suppliers for our construction projects as well as defrayment of operational and administrative expenses (e.g. staff costs, utilities, marketing expenses), depending on our Group's operational requirements at the time of utilisation.

Notwithstanding the above, there will be a corresponding dilution in CGB's consolidated EPS as a result of the increase in the number of Shares arising from the exercise of the Warrants. The potential effect of the Proposed Free Warrants Issue on the future earnings and EPS of our Group will depend upon, among others, the number of Shares issued pursuant to the exercise of Warrants at any point in time and the potential benefits from the utilisation of the proceeds. The effects of the Proposed Free Warrants Issue on our Company's share capital, consolidated NA and gearing, consolidated earnings and EPS and substantial shareholders' shareholding are set out in **Section 6** of this Circular.

Furthermore, the potential funds to be raised from the exercise of Warrants will enable us to tap into the equity market to raise funds without incurring interest cost as opposed to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs and principal repayments thus preserving our Group's cash flow and may potentially enhance our shareholders' value.

Proposed Private Placement

The Proposed Private Placement will enable our Company to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving our Group's cash flow.

Notwithstanding the above, our consolidated EPS will be diluted as a result of the increase in number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the earnings and EPS of our Group are set out in **Section 6** of the Circular.

As set out in **Section 4.2** of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly to fund for our Group's existing and new construction projects which is expected to contribute positively to the earnings of our Group for the FYE 31 December 2022.

5.4.3 Value creation to our Company and our shareholders

Despite the expected dilution in our consolidated EPS, the Proposals are expected to generate the benefits as set out in **Section 5.4.2** of this Circular. This will aid our Company in our effort to continuously improve our financial performance and to enhance value for our shareholders moving forward.

5.4.4 Adequacy of the Proposals in addressing the financial requirements of our Group

Premised on **Sections 5.4.1, 5.4.2 and 5.4.3** of this Circular as well as the effects of the Proposals as set out in **Section 6** of this Circular, our Board is of the view that the Proposals are adequate to address our Group's financial requirements at this juncture. We will continuously assess our financial position and condition moving forward and address our financial requirements at the relevant points in time.

With the manufacturing and construction industries projected to turn around in 2022 in tandem with overall economic recovery as the COVID-19 pandemic is gradually contained coupled with the Government's initiatives to boost the economy as well as the manufacturing and construction industries, we are hopeful that it will be able to secure more contracts for the businesses.

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6. EFFECTS OF THE PROPOSALS

For illustration purposes, the pro forma effects of the Proposals are based on the following scenarios:

- Minimum Scenario** :
- Based on the total issued share capital of 116,335,156 CGB Shares as at the LPD; and
 - Under the Minimum Scenario, the total number of Placement Shares to be issued would be 34,900,500 and the total number of Warrants to be issued would be 58,167,578.
- Maximum Scenario** :
- Based on the total issued share capital of 116,335,156 CGB Shares as at the LPD;
 - Assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition before the implementation of the Proposed Private Placement; and
 - Under the Maximum Scenario, the total number of Placement Shares to be issued would be 39,241,800 and the total number of Warrants to be issued would be 65,403,155.

6.1 Share capital

The pro forma effects of the Proposals on the share capital of our Company is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	116,335,156	79,482,047	116,335,156	79,482,047
Number of Consideration Shares to be issued pursuant to the Acquisition	-	-	⁽¹⁾ 14,471,154	⁽²⁾ 15,050,000
	116,335,156	79,482,047	130,806,310	94,532,047
Number of Placement Shares to be issued pursuant to the Proposed Private Placement	34,900,500	⁽³⁾ 29,316,420	39,241,800	⁽³⁾ 32,963,112
	151,235,656	108,798,467	170,048,110	127,495,159
New Shares to be issued assuming full exercise of Warrants	58,167,578	⁽⁴⁾ 46,534,062	65,403,155	⁽⁴⁾ 52,322,524
Enlarged issued share capital of CGB after the Proposals	<u>209,403,234</u>	<u>155,332,529</u>	<u>235,451,265</u>	<u>179,817,683</u>

Notes:

(1) Assuming the remaining 14,471,154 Consideration Shares are fully issued at RM1.04 each pursuant to the Acquisition before the implementation of the Proposed Private Placement.

(2) Based on the issue price of RM1.04 per Consideration Share.

(3) Based on the illustrative issue price of RM0.84 per Placement Share.

(4) Based on the exercise price of RM0.80 per Warrant.

6.2 NA and gearing

Based on the latest audited consolidated statements of financial position as at 31 December 2021, the pro forma effects of the Proposals on the NA per Share and gearing are as follows:

Minimum Scenario

			(I)	(II)	(III)
	Audited as at 31 December 2021	Adjusted after subsequent event	After the Proposed Free Warrants Issue	After (I) and the Proposed Private Placement	After (II) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	64,432	⁽¹⁾ 79,482	79,482	⁽⁵⁾ 108,798	⁽⁷⁾ 155,332
Translation reserve	294	294	294	294	294
Other reserve	-	⁽²⁾ 15,050	15,050	15,050	15,050
Accumulated losses	(13,037)	⁽³⁾ (13,487)	(13,487)	⁽⁶⁾ (14,637)	(14,637)
Shareholders' fund / NA	51,689	81,339	81,339	109,505	156,039
No. of CGB Shares in issue ("000")	101,864	⁽¹⁾ 116,335	116,335	⁽⁵⁾ 151,236	⁽⁷⁾ 209,404
NA per CGB Share (RM)*	0.51	0.70	0.70	0.72	0.75
Total interest-bearing borrowings (RM'000)	11,893	⁽⁴⁾ 12,584	12,584	12,584	12,584
Gearing ratio (times)#	0.23	0.15	0.15	0.11	0.08

Notes:

- (1) After taking into consideration the issuance of a total of 14,471,154 Consideration Shares at the issue price of RM1.04 each pursuant to the Acquisition.
 - (2) Based on the terms of SPA, the remaining 50% of the purchase consideration amounting to RM15.05 million will be settled by CICC where CICC will cause CGB to issue 14,471,154 Consideration Shares at the issue price of RM1.04 each on a deferred payment basis, at every 6 months interval, which shall be issued proportionately to the Vendor equivalent to the aggregated audited PAT to be achieved by RYRT International pursuant to a profit guarantee, upon the terms of the SPA.
 - (3) After deducting the estimated expenses of approximately RM450,000 in relation to the Acquisition and subject to the annual amortisation of intangible assets.
 - (4) After taking into consideration the lease liabilities of RYRT International of RM690,771 based on its audited accounts for the FYE 31 August 2021.
 - (5) Based on the illustrative issue price of RM0.84 per Placement Share and 34,900,500 Placement Shares to be issued pursuant to the Proposed Private Placement.
 - (6) After deducting the estimated expenses of approximately RM1.15 million in relation to the Proposals.
 - (7) Based on the exercise price of RM0.80 per Warrant and 58,167,578 new Shares to be issued arising from the exercise of 58,167,578 Warrants into new Shares.
- * Calculated based on NA divided by total number of CGB Shares in issue.
- # Calculated based on total interest-bearing borrowings divided by NA.

Maximum Scenario

			(I)	(II)	(III)	(IV)
	Audited as at 31 December 2021	Adjusted after subsequent event	Assuming the remaining Consideration Shares are fully issued pursuant to the Acquisition	After (I) and the Proposed Free Warrants Issue	After (II) and the Proposed Private Placement	After (III) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	64,432	⁽¹⁾ 79,482	⁽⁵⁾ 94,532	94,532	⁽⁷⁾ 127,495	⁽⁹⁾ 179,817
Translation reserve	294	294	294	294	294	294
Other reserve	-	⁽²⁾ 15,050	⁽⁶⁾ -	-	-	-
Accumulated losses	(13,037)	⁽³⁾ (13,487)	(13,487)	(13,487)	⁽⁸⁾ (14,637)	(14,637)
Shareholders' fund / NA	51,689	81,339	81,339	81,339	113,152	165,474
No. of CGB Shares in issue ("000")	101,864	⁽¹⁾ 116,335	⁽⁵⁾ 130,806	130,806	⁽⁷⁾ 170,048	⁽⁹⁾ 235,451
NA per CGB Share (RM)*	0.51	0.70	0.62	0.62	0.67	0.70
Total interest- bearing borrowings (RM'000)	11,893	⁽⁴⁾ 12,584	12,584	12,584	12,584	12,584
Gearing ratio (times) [#]	0.23	0.15	0.15	0.15	0.11	0.08

Notes:

- (1) After taking into consideration the issuance of a total of 14,471,154 Consideration Shares at the issue price of RM1.04 each pursuant to the Acquisition.
 - (2) Based on the terms of SPA, the remaining 50% of the purchase consideration amounting to RM15.05 million will be settled by CICC where CICC will cause CGB to issue 14,471,154 Consideration Shares at the issue price of RM1.04 each on a deferred payment basis, at every 6 months interval, which shall be issued proportionately to the Vendor equivalent to the aggregated audited PAT to be achieved by RYRT International pursuant to a profit guarantee, upon the terms of the SPA.
 - (3) After deducting the estimated expenses of approximately RM450,000 in relation to the Acquisition and subject to the annual amortisation of intangible assets.
 - (4) After taking into consideration the lease liabilities of RYRT International of RM690,771 based on its audited accounts for the FYE 31 August 2021.
 - (5) Assuming the remaining 14,471,154 Consideration Shares are fully issued pursuant to the Acquisition before the implementation of the Proposals.
 - (6) Reclassification of RM15.05 million to share capital assuming the remaining 50% purchase consideration are fully settled by way of issuance of the remaining 14,471,154 Consideration Shares at the issue price of RM1.04 each pursuant to the Acquisition.
 - (7) Based on the illustrative issue price of RM0.84 per Placement Share and 39,241,800 Placement Shares to be issued pursuant to the Proposed Private Placement.
 - (8) After deducting the estimated expenses of approximately RM1.15 million in relation to the Proposals.
 - (9) Based on the exercise price of RM0.80 per Warrant and 65,403,155 new Shares to be issued arising from the exercise of 65,403,155 Warrants into new Shares.
- * Calculated based on NA divided by total number of CGB Shares in issue.
- # Calculated based on total interest-bearing borrowings divided by NA.

6.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholders' shareholdings in our Company based on the register of substantial shareholder as at the LPD are as follows:

Minimum Scenario

Substantial shareholders	(I)				(II)			
	As at the LPD		After the Proposed Free Warrants Issue		After (I) and the Proposed Private Placement			
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(4)%
Chew Hian Tat	25,678,078	22.07	(2)3,550,000	3.05	25,678,078	22.07	(2)3,550,000	3.05
RYRT Holdings	14,471,154	12.44	-	-	14,471,154	12.44	-	-
Soo Yu Chai	-	-	(3)14,471,154	12.44	-	-	(3)14,471,154	9.57
Lee Chee Vui	-	-	(3)14,471,154	12.44	-	-	(3)14,471,154	9.57
Other placees	-	-	-	-	-	-	34,900,500	23.08

Substantial shareholders	(III)			
	After (II) and assuming full exercise of the Warrants			
	Direct	Indirect	Direct	Indirect
	No. of Shares	(5)%	No. of Shares	(5)%
Chew Hian Tat	38,517,117	18.39	(2)5,325,000	2.54
RYRT Holdings	21,706,731	10.37	-	-
Soo Yu Chai	-	-	(3)21,706,731	10.37
Lee Chee Vui	-	-	(3)21,706,731	10.37
Other placees	52,350,750	25.00	-	-

Notes:

- (1) *Calculated based on the issued share capital of 116,335,156 CGB Shares as at the LPD.*
- (2) *Deemed interested by virtue of his 100% shareholding in HJT International Group (M) Sdn Bhd pursuant to Section 8(4) of the Act.*
- (3) *Deemed interested by virtue of their substantial shareholdings in RYRT Holdings pursuant to Section 8(4) of the Act.*
- (4) *Calculated based on the enlarged issued share capital of 151,235,656 CGB Shares assuming 34,900,500 Placement Shares are issued pursuant to the Proposed Private Placement.*
- (5) *Calculated based on the enlarged issued share capital of 209,403,234 CGB Shares assuming full exercise of 58,167,578 Warrants into new CGB Shares.*

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Maximum Scenario

Substantial shareholders	(I)			(II)		
	As at the LPD			Assuming full Consideration Shares are issued		
	Direct	(1)%	No. of Shares	(1)%	Indirect	(4)%
Chew Hian Tat	25,678,078	22.07	(2)3,550,000	3.05		
RYRT Holdings	14,471,154	12.44	-	-		
Soo Yu Chai	-	-	(3)14,471,154	12.44		
Lee Chee Vui	-	-	(3)14,471,154	12.44		
Other placees	-	-	-	-		
(III)						
Substantial shareholders	After (II) and the Proposed Private Placement			After (III) and assuming full exercise of the Warrants		
	Direct	(5)%	No. of Shares	(5)%	Indirect	(5)%
	No. of Shares	(5)%	No. of Shares	(5)%	No. of Shares	(5)%
Chew Hian Tat	25,678,078	15.10	(2)3,550,000	2.09	38,517,117	16.36
RYRT Holdings	28,942,308	17.02	-	-	43,413,462	18.44
Soo Yu Chai	-	-	(3)28,942,308	17.02	-	-
Lee Chee Vui	-	-	(3)28,942,308	17.02	-	-
Other placees	39,241,800	23.08	-	-	58,862,700	25.00
(IV)						
Substantial shareholders	After (I) and the Proposed Free Warrants Issue			Assuming full Consideration Shares are issued		
	Direct	(4)%	No. of Shares	(4)%	Indirect	(4)%
	No. of Shares	(4)%	No. of Shares	(4)%	No. of Shares	(4)%
Chew Hian Tat	25,678,078	19.63	(2)3,550,000	2.71	25,678,078	19.63
RYRT Holdings	28,942,308	22.13	-	-	28,942,308	22.13
Soo Yu Chai	-	-	(3)28,942,308	22.13	-	-
Lee Chee Vui	-	-	(3)28,942,308	22.13	-	-
Other placees	-	-	-	-	-	-

Notes:

- (1) *Calculated based on the issued share capital of 116,335,156 CGB Shares as at the LPD.*
- (2) *Deemed interested by virtue of his 100% shareholding in HJT International Group (M) Sdn. Bhd. pursuant to Section 8(4) of the Act.*
- (3) *Deemed interested by virtue of their substantial shareholdings in RYRT Holdings pursuant to Section 8(4) of the Act.*
- (4) *Calculated based on the enlarged share capital of 130,806,310 CGB Shares, assuming Consideration Shares are fully issued pursuant to the Acquisition.*
- (5) *Calculated based on the enlarged issued share capital of 170,048,110 CGB Shares assuming 39,241,800 Placement Shares are issued pursuant to the Proposed Private Placement.*
- (6) *Calculated based on the enlarged issued share capital of 235,451,265 CGB Shares assuming full exercise of the 65,403,155 Warrants into new CGB Shares.*

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6.4 Earnings and EPS

The Proposals are not expected to have a material effect on the earnings of our Group for the FYE 31 December 2022. However, the EPS of our Group is expected to be correspondingly diluted as a result of the increase in the number of Shares to be issued pursuant to the Proposals.

The effect of the Proposals on the future earnings and EPS of our Group cannot be ascertained at this juncture as it would depend on, among others, the actual issue price of the Placement Shares, the number of Shares pursuant to the exercise of Warrants at any point in time, the potential benefits from the utilisation of proceeds and the future earnings of our Group. Although the EPS shall be correspondingly diluted as a result of the increase in the number of Shares upon the exercise of the Proposals, the Proposals are expected to contribute positively to our Group's earnings thereafter through the utilisation of proceeds.

6.5 Convertible securities

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities and uncalled capital.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities, which was obtained on 31 May 2022, for the:
 - (a) admission to the Official List and listing and quotation for up to 65,403,155 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
 - (b) listing and quotation for up to 39,241,800 new CGB Shares to be issued pursuant to the Proposed Private Placement; and
 - (c) listing and quotation for up to 65,403,155 new CGB Shares to be issued arising from the exercise of the Warrants; and
- (ii) our shareholders at our forthcoming EGM for the Proposals.

The Proposed Free Warrants Issue is not conditional upon the Proposed Private Placement and vice versa.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by our Company.

8. CORPORATE EXERCISE / SCHEME ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, our Board confirms that our Company does not have any other outstanding corporate exercise / scheme which has been announced by our Company but not yet completed before the printing of this Circular.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF OUR COMPANY AND/OR PERSONS CONNECTED TO THEM

None of our Directors, major shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposals, except for their respective entitlement to the Proposed Free Warrants Issue as a shareholder.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered the current and prospective financial position, needs and capacity of our Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of our Company.

Accordingly, our Board recommends that you **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the EGM.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of CGB Shares traded on Bursa Securities for the 12 months preceding the date of this Circular from June 2021 to May 2022 are as follows:

	High	Low
	RM	RM
2021		
June	2.98	1.51
July	2.14	1.50
August	1.58	1.23
September	1.38	1.19
October	1.25	0.93
November	1.04	0.92
December	1.39	0.89
2022		
January	1.43	0.90
February	1.23	0.905
March	0.98	0.845
April	0.96	0.91
May	0.98	0.91
The last transacted market price of CGB Shares on 7 April 2022, being the last market day immediately prior to the announcement of the Proposals		RM0.94
The last transacted market price of CGB Shares as at the LPD		RM0.94

(Source: Bloomberg)

12. TIMEFRAME FOR COMPLETION / IMPLEMENTATION

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by second half of 2022.

The tentative timetable for the Proposals is as follows:

Events	Tentative timeline
EGM for the Proposals	21 June 2022
<u>Proposed Free Warrants Issue</u>	
Announcement of the entitlement date for the Warrants	End June 2022
Entitlement Date for the Warrants	Mid-July 2022
Listing and quotation of the Warrants and completion of the Proposed Free Warrants Issue	Mid-July 2022
<u>Proposed Private Placement</u>	
Listing of and quotation for all the Placement Shares	By 30 November 2022

13. EGM

The EGM, the notice which is set out in this Circular, will be conducted on a fully virtual basis at the Broadcast Venue at A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on **Tuesday, 21 June 2022 at 10:30 a.m.** or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of our Company which will be held at the same broadcast venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposals.

You are entitled to participate and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at CGB's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to *EGM-support.CGB@megacorp.com.my* not less than 48 hours before the time for holding the meeting or any adjournment thereof. The lodgment of the Form of Proxy shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
CENTRAL GLOBAL BERHAD

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK
Non-Independent Non-Executive Chairman

SALIENT TERMS OF THE WARRANTS

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issue size	Up to 65,403,155 Warrants.
Form and constitution	The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company.
Tenure	3 years commencing from and including of the date of issuance of the Warrants (" Issue Date ").
Expiry date	The day preceding the third (3 rd) anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" Expiry Date ").
Exercise price	The exercise price of the Warrants (" Exercise Price ") has been fixed at RM0.80 per Warrants. The Exercise Price and/or the number of Warrants in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Exercise period	The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date (" Exercise Period "). Any Warrant not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	A Warrant holder is required to lodge an exercise form with the Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or by way of interbank transfer for the credit of an account maintained by the Company for the amount equal to the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Exercise rights	Each Warrant shall entitle the Warrant holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Board lot	For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be 100 Warrants or such other denominations as permitted by any relevant authorities.
Adjustment in the exercise price and/or number of Warrants	The Exercise Price and/or number of Warrants may be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.
Ranking of the Warrants arising from the exercise or conversion	The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/or offer of securities in CGB until and unless such holders of the Warrants exercise their Warrants into new CGB Shares.

SALIENT TERMS OF THE WARRANTS (CONT'D)

Terms	Details
Rights of the Warrant Holders in the event of winding-up, liquidation, compromise or arrangement	<p>Where a resolution has been passed for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:</p> <p>(i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution of the Warrants holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p>(ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.</p>
Modifications of rights of the Warrants holders	Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.
Proposed utilisation of proceeds arising from the exercise or conversion of Warrants	<p>The Company intends to utilise the proceeds arising from the exercise of the Warrants, if any, for the working capital of the Group. The working capital raised from the exercise of the Warrants will be utilised to finance the Group's day-to-day operations, including the payment to contractors and suppliers for its construction projects as well as defrayment of operational and administrative expenses (e.g., staff costs, utilities, marketing expenses). The allocation of proceeds to be utilised for each component of working capital shall be subjected to the Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by the Board at a later date.</p> <p>Pending utilisation of the proceeds to be raised as and when the Warrants are exercised, the proceeds may be placed in deposits with licensed financial institutions and/or short-term money market instruments. The interest income derived from the deposits with licensed financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.</p>
Transferability	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Listing	The Warrants will be listed on the Main Market of Bursa Securities.
Governing law	The laws of Malaysia.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. Our Board confirms that, after having made 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 in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

HLIB, being the Principal Adviser for the Proposals, has given and has not withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB, its subsidiaries and associated companies as well as its penultimate holding company, namely Hong Leong Financial Group Berhad, and the subsidiaries and associated companies of Hong Leong Financial Group Berhad (collectively, "**Hong Leong Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Hong Leong Group has engaged, and may in the future engage, in transactions with and perform services for our Group and/or our affiliates in addition to the role undertaken in the Proposals. In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to or engages in any transaction with our Group. This is a result of the businesses of the Hong Leong Group generally acting independently of each other, and accordingly there may be situations where parts of the Hong Leong Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group and/or our affiliates. Nonetheless, the Hong Leong Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Hong Leong Group has in the ordinary course of its business, extended services to our Group.

Notwithstanding the above, HLIB is of the view that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Principal Adviser for the Proposals as:

- (i) HLIB is a licensed investment bank and its appointment as the Principal Adviser for the Proposals and the extension of the credit facilities granted by the Hong Leong Group arose in its ordinary course of business;
- (ii) the conduct of the Hong Leong Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and, where applicable, the Capital Markets and Services Act 2007, as well as the Hong Leong Group's own internal controls and checks; and
- (iii) the said credit facilities are not material when compared to the audited NA of Hong Leong Financial Group Berhad as at 30 June 2021 of approximately RM22.82 billion.

FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material Commitments**

Save as disclosed below, as at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

Material Commitments	RM'000
Amount approved but not contracted for:	7,919
- Property, plant & equipment	

4.2 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

Contingent liabilities	RM'000
Corporate guarantees issued to:	44,462
- our wholly-owned subsidiaries, CIC Construction Sdn Bhd, Central Global Construction Sdn Bhd and Proventus Bina Sdn Bhd's developers, suppliers and banks for operational requirements; and	
- financial institutions for our wholly-owned subsidiary, Central Industrial Corporation Berhad's banking facilities	

FURTHER INFORMATION (CONT'D)

5. HISTORICAL FINANCIAL INFORMATION OF CGB GROUP

The summary of key financial information of our Group for the audited for the FYE 31 December 2019, 2020 and 2021 as well as 3-month unaudited for the FPE 31 March 2021 and 31 March 2022 are as follows:

	Audited for the FYE 31 December			Unaudited 3-month for the FPE 31 March	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
- Manufacturing and sale of self-adhesive label stocks and tapes	54,148	52,480	60,137	17,362	15,986
- Construction	59,910	65,240	46,915	20,198	31,058
	114,058	117,720	107,052	37,560	47,044
Cost of sales	(100,785)	(114,585)	(98,126)	(35,196)	(41,679)
GP	13,273	3,135	8,926	2,364	5,365
Other income	695	3,492	1,323	50	29
Distribution expenses	(3,332)	(3,417)	(3,464)	(1,130)	(1,258)
Administrative expenses	(6,620)	(6,301)	(8,239)	(2,245)	(2,062)
Other expenses	(2,778)	(2,574)	(2,013)	18	(66)
Finance cost	(217)	(272)	(284)	(98)	(124)
Finance income	248	182	26	15	5
Share of profit of associate, net of tax	-	-	-	-	-
PBT / (LBT)	1,269	(5,755)	(3,725)	(1,026)	1,889
Taxation	(847)	239	(374)	-	-
PAT/ (LAT)	422	(5,516)	(4,099)	(1,026)	1,889
Profit / (Loss) attributable to:					
Owners of our Company	(610)	(2,865)	(4,099)	(1,026)	1,889
Non-controlling interests	1,032	(2,651)	-	-	-
Profit / (Loss) for the year / period	422	(5,516)	(4,099)	(1,026)	1,889
Basic/ Diluted loss per Share (sen) [#]	(0.68)	(3.18)	(4.42)	(1.14)	1.85
Weighted average no. of CGB Shares in issue ('000)	90,000	90,000	92,785	90,000	101,864
Share capital	51,407	51,407	64,432	51,407	64,432
NA attributable to the owners of our Company / Shareholders' equity	47,968	44,907	51,690	41,401	53,588
Total equity	52,545	46,833	51,690	41,401	53,588
Borrowings*	3,084	3,572	11,893	6,585	11,106
Gearing (times) ⁺	0.06	0.08	0.23	0.16	0.21

(Source: CGB's annual reports for the financial years under review and the latest 3-month unaudited for the FPE 31 March 2022)

FURTHER INFORMATION (CONT'D)

Notes:

- # *Calculated based on PAT / (LAT) attributable to the owners of our Company for the financial years/ periods over weighted average number of Shares during the financial years.*
- * *Borrowings include hire purchase, revolving credit, banker acceptance, lease liabilities and bank overdrafts.*
- + *Computed based on borrowings over total equity.*

Commentaries:**(i) FYE 31 December 2020 ("FYE 2020") vs FYE 31 December 2019 ("FYE 2019")**

In FYE 2020, our Group derived revenue from:

- (a) Manufacturing Operations amounting to RM52.48 million; and
- (b) Construction Operations amounting to RM65.24 million.

Our Group's revenue increased by RM3.66 million (3.21%) to RM117.72 million for FYE 2020 from RM114.06 million for FYE 2019 mainly due to higher revenue from its Construction Operations. Our Group's Construction Operations revenue increased by RM5.33 million or 8.90% to RM65.24 million for FYE 2020 from RM59.91 million for FYE 2019 mainly due to:

- (a) revenue contributed by the Beacon Executive Suites Project with a contract value of RM66.74 million and Eco Horizon Project with a contract value RM52.95 million. Both of these projects contributed a total of RM54.84 million to our Group for FYE 2020 compared to RM42.54 million in FYE 2019. Both projects were subsequently completed in April and February 2021 respectively; and
- (b) revenue from the Montage Project which was secured in FYE 2020. The construction work commenced in July 2020.

Our Group's Manufacturing Operations revenue decreased by RM1.67 million or 3.08% to RM52.48 million for FYE 2020 from RM54.15 million for FYE 2019 mainly due to lower demand for our Group's products as most of our Group's domestic customers had remained closed during the MCO period in year 2020, notwithstanding some of our Group's labels stocks customers were operating, being part of the essential goods supply chain. Some of our Group's overseas customers were partially open and our Group was able to meet their purchase orders during the various MCO period as local haulage and international shipping lines remained in operation.

Despite higher revenue, our Group recorded a GP of RM3.14 million for the FYE 2020 as compared to the preceding period for the FYE 2019 of RM13.27 million, representing a decrease of RM10.13 million or 76.38%. In addition, our Group recorded a GP margin of 2.66% as compared to the preceding period for the FYE 2019 of 11.64%. The lower GP and GP margin were mainly due to the prolonged construction period which resulted increase in construction cost for our Group's construction projects as a result of the various MCO period in 2020.

Our Group recorded LBT and LBT margin of RM5.76 million and 4.89%, respectively in FYE 2020 as compared to the PBT and PBT margin of RM1.27 million and 1.11%, respectively in FYE 2019 mainly due to lower GP offset by higher other income in FYE 2020. The higher other income in FYE 2020 was mainly due to:

- (a) insurance claim of RM1.75 million received by PBSB in relation to the Tri Pinnacle project at Tanjong Tokong, Penang (construction of a housing scheme comprising

FURTHER INFORMATION (CONT'D)

of 1 block of 36-storey low medium cost apartments, 1 block of 32 storey affordable housing and 1 block of 32 storey affordable housing) which caught fire in April 2018.

PBSB was awarded a total insurance claim of RM2.43 million of which RM0.20 million and RM0.48 million of interim payments were received by PBSB in FYE 2018 and FYE 2019, respectively. The final payment of RM1.75 million of the insurance claim was received by PBSB in FYE 2020. The total insurance claim of RM2.43 million is equivalent to approximately the cost incurred to repair damages on the building caused by the fire incident.

Due to the fire incident, the Tri Pinnacle project was shut down for 6 weeks and resumed works at the end-June 2018. The project was completed in November 2018; and

- (b) profit guarantee shortfall of RM1.08 million which is recognised as other income. Pursuant to the subscription agreement dated 22 December 2017 entered into between CICC, PBSB and the then existing shareholders of PBSB ("**Promoters**") whereby the Promoters guaranteed that the cumulative PAT of PBSB attributable to CICC (based on CICC's 51% equity interest in PBSB) for the FYE 31 December 2017, FYE 2018 and FYE 2019 ("**Profit Guarantee Period**") shall be not less than RM3,672,000.

PBSB only achieved a cumulative PAT attributable to CICC of RM2,590,304 during the Profit Guarantee Period, which resulted in a shortfall of PAT attributable to CICC of RM1,081,696 ("**Profit Guarantee Shortfall**"). CICC received the Profit Guarantee Shortfall amount on 5 February 2021.

Our Group's gearing ratio increased from 0.06 times as at 31 December 2019 to 0.08 times as at 31 December 2020 mainly due to the drawdown of additional bank overdraft during FYE 2020 to finance our Group's working capital for its construction projects (such as payment to its suppliers and subcontractors and purchase of construction materials) as well as lower total equity (FYE 2020: RM46.83 million; FYE 2019: RM52.55 million).

(ii) **FYE 31 December 2021 ("FYE 2021") vs FYE 2020**

Our Group's revenue decreased by RM10.68 million or 9.07% to RM107.05 million for FYE 2021 from RM117.72 million for FYE 2020 mainly due to lower revenue from its Construction Operations. Our Group's Construction Operations revenue decreased by RM18.32 million or 28.08% to RM46.92 million for FYE 2021 from RM65.24 million for FYE 2020 was mainly due to stoppage of construction work as a result of the various imposition of MCO by the Government.

Our Group's Manufacturing Operations revenue increased by RM7.66 million or 14.60% to RM60.14 million for FYE 2021 from RM52.48 million for FYE 2020 mainly due to higher export sales arising from higher demand of our Group's masking tapes products.

Despite lower revenue, our Group recorded a GP of RM8.93 million for the FYE 2021 as compared to the preceding period for the FYE 2020 of RM3.14 million. In addition, our Group recorded a GP margin of 8.34% as compared to the preceding period for the FYE 2020 of 2.66%. The higher GP and GP margin were mainly due to higher export sales and variation in sales mix, which include the sales of high temperature masking tapes which contributed higher GP margin as compared to the general purpose masking tapes for the Manufacturing Operations.

Notwithstanding higher GP recorded in FYE 2021, our Group recorded LBT and LBT margin of RM3.73 million and 3.48%, respectively for FYE 2021 as compared to the LBT and LBT margin of RM5.76 million and 4.89%, respectively for FYE 2020. These losses incurred for FYE 2021 was mainly due to the lower other operating income generated and

FURTHER INFORMATION (CONT'D)

the expenses incurred such as selling and distribution, administrative expenses and operating expenses.

(iii) **FPE 31 March 2022 (“FPE 2022”) vs FPE 31 March 2021 (“FPE 2021”)**

Our Group’s revenue increased by RM9.48 million or 25.25% to RM47.04 million for the FPE 2022 from RM37.56 million for the FPE 2021 mainly due to higher revenue from Construction Operations. Our revenue for the Construction Operations increased by RM10.86 million or 53.77% to RM31.06 million for the FPE 2022 from RM20.20 million for the FPE 2021 mainly due to the construction work progress for Montage residential project and RYRT Lahad Datu Phase 1 Water Supply System project.

However, this is offset by the decrease in revenue for the Manufacturing Operations by RM1.37 million or 7.89% to RM15.99 million for the FPE 2022 from RM17.36 million for the FPE 2021 mainly due to lower export sales as a result of logistic constraints from low availability of containers and increased freight cost.

Our Group recorded a GP of RM5.37 million for the FPE 2022 as compared to the FPE 2021 of RM2.36 million. In addition, our Group recorded a GP margin of 11.40% for the FPE 2022 as compared to the FPE 2021 of 6.29%. The higher GP and GP margin was mainly due to the contribution from RYRT Lahad Datu Phase 1 Water Supply System project for the FPE 2022.

Our Group recorded PBT of RM1.89 million for FPE 2022 as compared to the LBT of RM1.03 million for FPE 2021 mainly due to the higher GP as explained above. This was partially offset by the fixed expenses such as distribution expenses and administrative expenses. Our PBT margin improved to 4.02% for FPE 2022 from a LBT margin of 2.73% for FPE 2021 mainly due to the improvement in our GP margin as explained above.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from 9:00 a.m. to 6:00 p.m. Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) our constitution;
- (ii) the audited financial statements of our Group for the FYE 31 December 2020 and FYE 31 December 2021;
- (iii) the latest quarterly financial results for 3-month FPE 31 March 2022;
- (iv) the letter of consent and conflict of interest as referred to in **Section 2** above; and
- (v) the draft Deed Poll in relation to the Proposed Free Warrants Issue.



Central Global Berhad

[Registration No.: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Central Global Berhad (“**CGB**” or “**Company**”) will be conducted on a fully virtual basis at the Broadcast Venue at A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on **Tuesday, 21 June 2022 at 10:30 a.m.** or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held at the same broadcast venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution below with or without modification:

ORDINARY RESOLUTION 1

PROPOSED FREE WARRANTS ISSUE UP TO 65,403,155 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING SHARES HELD BY THE SHAREHOLDERS OF CGB WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED FREE WARRANTS ISSUE”)

“THAT subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of CGB (“**Board**”) to issue up to 65,403,155 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the shareholders of CGB whose names appear on the record of depositors of the Company on an entitlement date to be determined later;

THAT the Board be and is hereby authorised to enter into and execute a deed poll constituting the Warrants (“**Deed Poll**”) with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/or the number of Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new CGB Shares arising from the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;

THAT fractional entitlements arising from the Proposed Free Warrants Issue, if any, shall be disregarded and dealt with in such a manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company;

THAT the new CGB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing CGB Shares, save and except that the holders of the new CGB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new CGB Shares arising from the exercise of the Warrants;

THAT the Board be and is hereby authorised to utilise the proceeds raised from the exercise of the Warrants for such purpose and in such manner as set out in **Section 4.1** of the circular, with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (if required) to the approval of the relevant authorities and in the best interest of the Company;

AND THAT the Board be and is hereby authorised and empowered to take all such steps and enter into all deeds, agreements, arrangements, undertakings, transfers and indemnities as they may deem fit, necessary and expedient and/or appropriate, and in the best interest of the Company in order to implement, finalise, complete and give full effect to the Proposed Free Warrants Issue, with full powers to assent to any conditions, modifications, variations and/or amendments necessary and/or as may be required by any relevant authorities, as the Board deems fit, appropriate and in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED PRIVATE PLACEMENT OF UP TO 39,241,800 NEW ORDINARY SHARES IN CGB (“SHARES”) (“PLACEMENT SHARES”), REPRESENTING NOT MORE THAN 30% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) (“PROPOSED PRIVATE PLACEMENT”)

“THAT subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to allot and issue up to 39,241,800 Placement Shares, representing not more than 30% of the enlarged total number of issued Shares (excluding treasury shares, if any) at an issue price to be determined later;

THAT any pre-emptive right to the Placement Shares that each shareholder of CGB may have pursuant to Companies Act 2016 and/or constitution of CGB be hereby waived;

THAT approval be and is hereby given to the Board to determine the issue price of the Placement Shares and at a discount of not more than 10% to the 5-day weighted average market price of CGB Shares immediately preceding the price-fixing date;

THAT the Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing CGB Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid by CGB prior to the date of allotment and issuance of the Placement Shares;

THAT the Board be and is hereby authorised to utilise the proceeds from the Proposed Private Placement for the purposes set out in **Section 4.2** of the circular and the Board be authorised with full powers to vary the manner and/or purpose of the utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit, necessary, expedient and/or appropriate and in the best interest of CGB, subject to the approvals of relevant authorities (where required) being obtained;

AND THAT the Board be and is hereby authorised and empowered to take all such steps and enter into all deeds, agreements, arrangements, undertakings, transfers and indemnities as they may deem fit, necessary and expedient and/or appropriate, and in the best interest of the Company in order to implement, finalise, complete and give full effect to the Proposed Private Placement, with full powers to assent to any conditions, modifications, variations and/or amendments necessary and/or as may be required by any relevant authorities, as the Board deems fit, appropriate and in the best interest of the Company.”

By Order of the Board

Lim Seck Wah (MAICSA 0799845) (SSM Practicing Certificate No. 202008000054)
Kong Mei Kee (MAICSA 7039391) (SSM Practicing Certificate No. 202008002882)

Company Secretaries

Kuala Lumpur
7 June 2022

Notes:

- (i) *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders / proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the meeting will therefore have to register via the link <https://vps.megacorp.com.my/eD10hX>. Kindly refer to the annexure of the Administrative Guide for further information.*
- (ii) *Only depositors whose names appear in the Record of Depositors as at 14 June 2022 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.*

- (iii) *A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
- (iv)
 - (a) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 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.*
 - (b) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (v) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.*
- (vi) *Except for body corporate, you have the option to register directly at <https://vps.megacorp.com.my/eD10hX> to submit the proxy appointment electronically not later than 19 June 2022 at 10:30 a.m. Kindly refer to the annexure of the Administrative Details for further information.*
- (vii) *All Form of Proxy must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to EGM-support.CGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.*

Voting by Poll

Pursuant to Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the resolution set out in this Notice are to be voted by poll.

**Central Global Berhad**

[Registration No.: 201801036114 (1298143-T)]

FORM OF PROXY

No. of Shares Held	:	
CDS Account No.	:	

I / We _____ (NRIC / Passport / Registration No. _____)

of (full address) _____

being a member / members of CENTRAL GLOBAL BERHAD, hereby appoint the following person(s):

Full Name (in Block)	NRIC / Passport No.	Proportion in Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and/or*

Full Name (in Block)	NRIC / Passport No.	Proportion in Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Extraordinary General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue at A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on **Tuesday, 21 June 2022 at 10:30 a.m.** or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held at the same broadcast venue and on the same day at 10:00 a.m., whichever is later, or any adjournment thereof.

My / our proxy / proxies is(are) to vote as indicated below:

Ordinary Resolution	First Proxy		Second Proxy	
	For	Against	For	Against
Ordinary Resolution 1 - Proposed Free Warrants Issue				
Ordinary Resolution 2 - Proposed Private Placement				

Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy(ies) will vote or abstain from voting at his/her/their discretion(s)).

As witness my hand this _____ day of _____ 2022

.....
Signature / Common Seal

* Strike out whichever is not desired.



Notes:

- (i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders / proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the meeting will therefore have to register via the link <https://vps.megacorp.com.my/eD10hX>. Kindly refer to the annexure of the Administrative Guide for further information.
- (ii) Only depositors whose names appear in the Record of Depositors as at 14 June 2022 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.
- (iii) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) (a) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 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.

(b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (v) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.
- (vi) Except for body corporate, you have the option to register directly at <https://vps.megacorp.com.my/eD10hX> to submit the proxy appointment electronically not later than 19 June 2022 at 10:30 a.m. Kindly refer to the annexure of the Administrative Details for further information.
- (vii) All Form of Proxy must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to EGM-support.CGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.

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AFFIX
STAMP

The Company Secretaries
CENTRAL GLOBAL BERHAD
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250, Kuala Lumpur
Wilayah Persekutuan
Malaysia

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Fold This Flap For Sealing