GLOBAL ORIENTAL BERHAD ("GOB" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF GOB ("PROPOSED PRIVATE PLACEMENT")

---

1. INTRODUCTION

On behalf of the Board of Directors of GOB ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of GOB to third party investor(s) to be identified later.

Further details of the Proposed Private Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Company had obtained the approval from its shareholders at the last annual general meeting ("**AGM**") convened on 29 August 2019, whereby pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**") ("**General Mandate**"), the Board has been authorised to issue and allot new ordinary shares in GOB ("**GOB Share(s)**" or "**Share(s)**") provided that the number of new GOB Shares does not exceed 10% of the total number of issued shares of the Company. Such authority shall continue to be in force until the conclusion of the next AGM of the Company.

Further to the above, pursuant to Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the aggregate number of shares to be issued under the General Mandate must not exceed 10% of the total number of issued shares of the Company during the preceding 12 months. For avoidance of doubt, GOB had not issued any shares under any General Mandate during the preceding 12 months from the date of this announcement.

2.1 Placement size

The Proposed Private Placement entails an issuance of up to 10% of the total number of issued shares of GOB.

As at 13 August 2020 (being the latest practicable date prior to the date of this announcement) ("**LPD**"), the total issued share capital of GOB was RM227,338,373 comprising 454,676,707 GOB Shares. For avoidance of doubt, the company has no retained treasury shares as at the LPD. In addition, the Company has 5,706,449 outstanding options under its employees' share option scheme ("**ESOS Options**"). In conjunction with the Proposed Private Placement, the Board has undertaken not to grant any further ESOS Options until the completion of the Proposed Private Placement.

Assuming all the outstanding 5,706,449 ESOS Options are granted and exercised prior to the implementation of the Proposed Private Placement, the Company's enlarged number of issued Shares will be 460,383,156 GOB Shares. As such, a total of up to 46,038,315 new GOB Shares ("**Placement Share(s)"),** representing 10% of the enlarged number of issued shares of GOB, may be issued pursuant to the Proposed Private Placement.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total issued Shares of the Company on a date to be determined later upon obtaining all relevant approvals as set out in Section 7 of this announcement, where applicable.

For illustrative purposes, throughout this announcement, the effects of the Proposed Private Placement shall be illustrated based on the following 2 scenarios:-

Minimum Scenario	:	Assuming none of the outstanding 5,706,449 ESOS Options are exercised prior to the implementation of the Proposed Private Placement.
Maximum Scenario	:	Assuming all the outstanding 5,706,449 ESOS Options are exercised prior to the implementation of the Proposed Private Placement.

2.2 Basis of determining the issue price of the Placement Shares

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

Based on Paragraph 6.04(a) of the Listing Requirements, the Placement Shares may be issued based on a discount of not more than 10% to the 5-day volume weighted average market price ("**VWAP**") of GOB Shares immediately preceding the price-fixing date.

For illustrative purposes only, the indicative issue price of the Placement Shares is assumed at RM0.204 per Placement Share, which represents a discount of approximately 9.73% to the 5-day VWAP of GOB Shares up to and including the LPD of RM0.226 per GOB Share.

2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing GOB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.

2.4 Listing and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.5 Allocation to placees

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

In accordance with Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed out to the following parties:-

i. Any director, major shareholder, chief executive of GOB or person connected with a director, major shareholder or chief executive of GOB; and

ii. Nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In any event that the Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities.

3. UTILISATION OF PROCEEDS

Based on the indicative issue price of RM0.204 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM9.39 million. The proceeds are intended to be utilised by GOB and its subsidiary companies ("**GOB Group**" or the "**Group**") in the manner as follows:-

Details of utilisation	Timeframe for utilisation	<-----Amount of proceeds----> Minimum Scenario RM'000	Maximum Scenario RM'000
Working capital for existing projects[*1]	Within 12 months from completion	9,215	9,332
Defray estimated expenses[*2]	Upon completion	60	60
Total		**9,275**	**9,392**

Notes:-

[*1] *The proceeds earmarked for working capital will be utilised for, amongst others, purchase of building materials and payment to subcontractors and suppliers for the Group's existing projects, the breakdown of which cannot be determined at this juncture and will be dependent on the working capital requirements of the existing projects at material time. Further details of the Group's existing projects are as follows:-*

Location	***Type/ description of project***	***Gross development value RM'000***	***Expected completion date***	***Stage of completion as at the LPD***
Galleria 2, Seri Kembangan	*Mixed development/ 240 units of service apartments and 9 units of shop lots*	*163,427*	*March 2021*	*85%*
Pavilion Embassy, Kuala Lumpur	*Mixed development/ 176 units of corporate suites, 318 units of service suites and 183 units of private residence*	*1,378,684*	*Phase 1 - October2021* *Phase 2 - April 2022*	*Phase 1 - 40%* *Phase 2 - 7%*

[*2] *The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised as set out below:-*

	RM'000
Professional fees (i.e. adviser and placement agent)	*25*
Regulatory fees	*25*
Other incidental expenses in relation to the Proposed Private Placement	*10*
Total	***60***

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the issue price and the number of Placement Shares to be issued. Any shortfall in the actual gross proceeds raised and the intended gross proceeds to be raised will be funded via internally generated funds and/ or bank borrowings.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments.

4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("**MCO**"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, Employees Provident Fund i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

Gross fixed capital formation registered a sharper contraction of 28.9% (1Q 2020: -4.6%), weighed by significantly lower capital spending by both public and private sectors. By type of asset, both investment in structures and machinery & equipment ("**M&E**") declined by 41.2% (1Q 2020: -4.0%) and 11.1% (1Q 2020: -6.2%), respectively. Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the COVID-19 containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of M&E amid border closures. Public investment also recorded a larger decline of 38.7% (1Q 2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

Against a highly challenging global economic outlook, Malaysia's GDP growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the COVID-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from COVID-19, the Government and Bank Negara Malaysia ("**BNM**") have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. Two economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by two consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the two economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

4.2 Overview and outlook of Malaysia's property market

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.

Sectoral market activity performance improved marginally: residential (6.0%), commercial (7.2%), industrial (3.8%) and agriculture (2.0%) with the exception of development land sub-sector, which declined slightly by 1.2%. In terms of value of transactions, residential sub-sector recorded a 5.3% growth, whereas commercial, industrial, agriculture and development land sub-sectors recorded otherwise, decreased by -1.8%, -1.1%, -4.4% and -9.1% respectively.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9.0%) and agriculture (8.8%).

Fewer new launches in 2019 and better sales performance led to the decrease in residential overhang and unsold under construction and not constructed. After four consecutive years of increase, the overhang recorded a decline in 2019. There were 30,664 overhang units worth RM18.82 billion, decreased by 5.1% in volume and 5.2% in value against 2018 (32,313 units worth RM19.86 billion).

By state, Johor retained the highest number and value of overhang in the country with 5,627 units worth RM4.7 billion, accounting to 18.4% and 25% respectively of the national total. Nevertheless, the state's overhang situation improved as the numbers reduced by 7.2% though value increased by 2.1%. Perak came second with 5,024 units worth RM1.52 billion, followed by Selangor (4,687 units worth RM3.75 billion) and Pulau Pinang (3,353 units worth RM2.59 billion). As for WPKL, though only 2,605 units were recorded, the overhang value was the third highest at RM2.6 billion.

By type, condominium/apartment units formed 46.6% (14,276 units) of the national's overhang and mostly were in the price range of RM200,000 – RM300,000 (3,863 units). Two to three storey terrace (8,591 units) formed another 28% of the total and mostly were in the price range of RM300,000 – RM400,000 (1,771 units). By price range, those priced RM300,000 to RM500,000 (7,883 units) formed 25.7% while priced above RM500,000 (12,528 units) formed 40.9% of the total residential overhang.

The unsold under construction and not constructed improved as the number dropped to 72,692 units and 16,774 units, down by 10.2% and 15.6% respectively.

The COVID-19 outbreak is expected to take its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality; as well as the manufacturing and selected services sector. The magnitude of the impact on the Malaysian economy would depend on the duration and spread of the outbreak not only in Malaysia but also in other countries, especially those that are Malaysia's major trading partners.

Nevertheless, government have introduced several incentives which to help cushion-off the impact on the property market namely:-

i. The revision of the base year for Real Property Gains Tax to 1 Jan 2013 (initially 1 Jan 2000) for property purchased before the date.

ii. The reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas.

iii. The reduction of OPR by 25 basis points to 2.75% on 22 Jan 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

Another significant mega-project which is expected to have high positive impact on the property market landscape is the revival of Bandar Malaysia project. Bandar Malaysia is a 196-hectare integrated property development project located in Sungai Besi which was suspended in 2017. The development plan was revised and officially resumed in Dec 2019 with the signing of an agreement between TRX City Sdn. Bhd. and IWH CREC Sdn. Bhd. The project is a long-term development of over 20 years which is expected to start in 2020 and spur the property market in the long run.

(Source: Property Market Report 2019, Valuation & Property Services Department, Ministry of Finance Malaysia)

4.3 Future prospects of the Group

The Group's existing development projects include Galleria 2 in Seri Kembangan as well as Pavilion Embassy in Kuala Lumpur. The total gross development value of the 2 existing development projects is approximately RM1.5 billion and the Group's total unbilled sales from the aforementioned projects is RM711 million. The management will continue to focus its effort on the Group's existing development projects to ensure construction works progress as per schedule and organise marketing campaigns to promote the development projects to achieve higher take up rates and reduce unsold inventories.

Currently, the Group has about 545 acres of land bank for development (including those under joint ventures) and the management will continue to enhance the Group's land bank via strategic tie ups or joint ventures with land owners or through acquisitions. Nevertheless, taking into consideration the outlook of the property sector in Malaysia, the management will exercise extreme caution for its existing development projects to ensure the development projects' success without compromising on quality while improving operational efficiency.

As set out in Section 3 of this announcement, the proceeds raised from the Proposed Private Placement will be utilised as working capital for the Group's existing projects which is expected to ease the cash flow of the Group and secure the necessary funding required.

(Source: Management of GOB)

5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement:-

i. Enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings;

ii. Provides the Company with an expeditious way of raising funds from the capital market as opposed to other forms of fund raising; and

iii. Increases the size and strength of the Company's shareholders' funds.

For shareholders' information, the Company had not undertaken any other equity fund raising exercises in the past 12 months prior to the date of this announcement.

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at the LPD	454,676,707	227,338,373	454,676,707	227,338,373
Assuming full exercise of the outstanding ESOS Options	-	-	5,706,449	4,336,901[*1]
Transfer of share option reserve to share capital pursuant to the full exercise of the outstanding ESOS Options	-	-	-	2,953,200
	454,676,707	227,338,373	460,383,156	234,628,474
Shares to be issued pursuant to the Proposed Private Placement	45,467,670	9,275,405[*2]	46,038,315	9,391,816[*2]
Enlarged issued share capital	**500,144,377**	**236,613,778**	**506,421,471**	**244,020,290**

Notes:-

[*1] *Computed based on the exercise price of RM0.76 per ESOS Options*

[*2] *Computed based on the indicative issue price of RM0.204 per Placement Share*

6.2 Net asset ("NA") per Share and gearing

Based on the latest audited consolidated statements of financial position of the Group as at 31 March 2020, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing of the Group are set out as follows:-

Minimum Scenario

	Audited as at 31 March 2020 RM'000	**After the Proposed Private Placement RM'000**
Share capital	227,338	236,614[*1]
Share option reserve	2,953	2,953
Other reserves	91,037	91,037
Retained earnings	(67,442)	(67,502)[*2]
Shareholders' funds/ NA	**253,886**	**263,102**
Non-controlling interest	(4,867)	(4,867)
Total equity	**249,019**	**258,235**
No. of Shares in issue (000)	454,677	500,144
NA per Share (RM)	0.56	0.53
Total borrowings (RM'000)	207,004	207,004
Gearing ratio (times)	0.83	0.80

Notes:-

[*1] *Assuming 45,467,670 Placement Shares to be issued at an indicative issue price of RM0.204 per Placement Share*

*2 *After deducting estimated expenses of RM60,000 in relation to the Proposed Private Placement*

Maximum Scenario

	Audited as at 31 March 2020 RM'000	I Assuming full exercise of the outstanding ESOS Options RM'000	II After I and the Proposed Private Placement RM'000
Share capital	227,338	234,628*1	244,020*2
Share option reserve	2,953	-*1	-
Other reserves	91,037	91,037	91,037
Retained earnings	(67,442)	(67,442)	(67,502)*3
Shareholders' funds/ NA	**253,886**	**258,223**	**267,555**
Non-controlling interest	(4,867)	(4,867)	(4,867)
Total equity	**249,019**	**253,356**	**262,688**
No. of Shares in issue (000)	454,677	460,383	506,421
NA per Share (RM)	0.56	0.56	0.53
Total borrowings (RM'000)	207,004	207,004	207,004
Gearing ratio (times)	0.83	0.82	0.79

Notes:-

*1 *Assuming all the outstanding 5,706,449 ESOS Options are exercised at the exercise price of RM0.76 each*

*2 *Assuming 46,038,315 Placement Shares to be issued at an indicative issue price of RM0.204 per Placement Share*

*3 *After deducting estimated expenses of RM60,000 in relation to the Proposed Private Placement*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6.3 Substantial shareholding structure

The pro forma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company are set out below:-

Minimum Scenario

I

	Shareholdings as at the LPD				After the Proposed Private Placement[*1]			
	<----------Direct-------->		<--------Indirect-------->		<----------Direct-------->		<---------Indirect-------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Indera Muhibbah Sdn Bhd	36,048,800	7.93	-	-	36,048,800	7.21	-	-
Idaman Motif Sdn Bhd	81,442,872	17.91	-	-	81,442,872	16.28	-	-
Dato' Choo Chuo Siong	13,649,000	3.00	36,048,800[*2]	7.93	13,649,000	2.73	36,048,800[*2]	7.21
Dato' Tan Eng Beng	300,000	0.07	81,442,872[*3]	17.91	300,000	0.06	81,442,872[*3]	16.28

Notes:-

[*1] *Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s)*

[*2] *Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Indera Muhibbah Sdn Bhd*

[*3] *Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Idaman Motif Sdn Bhd*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I Assuming full exercise of the outstanding ESOS Options			
	<----------Direct-------->		<--------Indirect--------->		<----------Direct-------->		<---------Indirect-------->	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Indera Muhibbah Sdn Bhd	36,048,800	7.93	-	-	36,048,800	7.83	-	-
Idaman Motif Sdn Bhd	81,442,872	17.91	-	-	81,442,872	17.69	-	-
Dato' Choo Chuo Siong	13,649,000	3.00	36,048,800[*2]	7.93	13,649,000	2.96	36,048,800[*2]	7.83
Dato' Tan Eng Beng	300,000	0.07	81,442,872[*3]	17.91	300,000	0.07	81,442,872[*3]	17.69

Substantial shareholders	II After I and the Proposed Private Placement[*1]			
	<----------Direct-------->		<--------Indirect--------->	
	No. of Shares	**%[*3]**	**No. of Shares**	**%[*3]**
Indera Muhibbah Sdn Bhd	36,048,800	7.12	-	-
Idaman Motif Sdn Bhd	81,442,872	16.08	-	-
Dato' Choo Chuo Siong	13,649,000	2.70	36,048,800[*2]	7.12
Dato' Tan Eng Beng	300,000	0.06	81,442,872[*3]	16.08

Notes:-

[*1] *Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s)*

[*2] *Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Indera Muhibbah Sdn Bhd*

[*3] *Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Idaman Motif Sdn Bhd*

6.4 Earnings and earnings per share ("EPS")

The Proposed Private Placement, which is expected to be completed by the fourth quarter of 2020, is not expected to have any material effect on the earnings of GOB Group for the financial year ending 31 March 2021. However, there will be a dilution in the EPS of the Group for the financial year ending 31 March 2021 due to the increase in the number of GOB Shares in issue arising from the Proposed Private Placement.

6.5 Convertible securities

Save for the outstanding 5,706,449 ESOS Options, the Company does not have any other existing convertible securities as at the LPD. The Proposed Private Placement will not result in any adjustment to the exercise price or the number of existing ESOS Options of the Company.

7. APPROVALS REQUIRED

The Proposed Private Placement is subject to the following approvals:-

i. Bursa Securities, for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities; and

ii. Any other relevant authority, if required.

The Company had obtained the approval from its shareholders at the last AGM convened on 29 August 2019, whereby pursuant to Sections 75 and 76 of the Act, the Board has been authorised to issue and allot new GOB Shares provided that the number of new GOB Shares does not exceed 10% of the total number of issued shares of the Company. Such authority shall continue to be in force until the conclusion of the next AGM of the Company.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors and/ or major shareholders and/ or chief executives of GOB and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

9. STATEMENT BY THE BOARD

The Board, after having considered all aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Private Placement is expected to be completed by the fourth quarter of 2020.

11. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities shall be made within 1 month from the date of this announcement.

12. ADVISER AND PLACEMENT AGENT

UOBKH has been appointed as the Adviser and the Placement Agent for the Proposed Private Placement.

This announcement is dated 24 August 2020.

ADDITIONAL INFORMATION

1. Current financial performance and financial position of the Group

The financial summary of the Group based on the audited consolidated results for the past 3 financial years up to the financial year ended ("**FYE**") 31 March 2020 and the unaudited quarterly results for the 3-month financial period ended ("**FPE**") 30 June 2020 is set out below:-

	<-------------------------Audited FYE 31 March		---------------------->	<------Unaudited 3-month FPE 30 June ----->	
	2018 (Restated) RM'000	**2019 RM'000**	**2020 RM'000**	**2019 (Restated) RM'000**	**2020 RM'000**
Revenue	118,746	148,833	260,884	40,556	44,285
Gross profit	30,303	18,571	23,002	5,861	3,355
Profit before tax/ (Loss before tax) ("**PBT**" / "**LBT**")	(66,358)	(79,673)	(27,384)	2,102	(6,836)
Profit after tax/ (Loss after tax)	(73,374)	(99,539)	(29,519)	1,822	(7,427)
Loss per Share (sen)	(15.10)	(21.72)	(6.07)	0.48	(1.45)
Gross profit margin (%)	25.52	12.48	8.82	14.45	7.58
Total interest-bearing borrowings	254,397	210,225	207,004	206,539	201,131
Total fixed deposits, cash and bank balances	155,563	159,067	115,143	146,298	106,517
Net cash from/ (used in) operating activities	(132,135)	39,528	(37,059)	(8,341)	(1,349)
Non-current assets	288,262	323,562	313,670	328,856	320,244
Current assets	825,851	692,133	644,948	671,913	625,653
Non-current liabilities	319,840	322,759	316,206	323,516	293,398
Current liabilities	415,758	413,960	393,393	396,548	410,907
Shareholders' funds/ NA	380,683	281,913	253,886	283,989	247,273
Total equity	378,515	278,976	249,019	280,705	241,592
Weighted average no. of Shares outstanding ('000)	454,676	454,676	454,676	454,676	454,676
NA per Share (RM)	0.84	0.62	0.56	0.62	0.54
Current ratio (times)	1.99	1.67	1.64	1.69	1.52
Gearing ratio (times)	0.67	0.75	0.83	0.74	0.83

FYE 31 March 2019 vs FYE 31 March 2018

The Group recorded revenue of RM148.83 million for the FYE 31 March 2019 which represents an increase of RM30.08 million (25.33%) as compared to the previous financial year of RM118.75 million. The increase was mainly due to increase in revenue of RM43.32 million contributed from property development segment as the Group recorded higher sales recognition from the launch of new phases of the Group's property development projects, namely Galleria 2 and Villa Heights 2 in Seri Kembangan in May 2018 and phase 2 of Pavilion Embassy in February 2019.

The Group recorded LBT of RM79.67 million for the FYE 31 March 2019 which represents an increase of RM13.31 million (20.05%) as compared to the previous financial year of RM66.36 million. The increase was mainly due to lower gross profit as the Group recorded higher cost of sales from the property development segment during the financial year under review.

FYE 31 March 2020 vs FYE 31 March 2019

The Group recorded revenue of RM260.88 million for the FYE 31 March 2020 which represents an increase of RM112.05 million (75.29%) as compared to the previous financial year of RM148.83 million. The increase was mainly due to increase in revenue of RM116.41 million contributed from property development segment as the Group recorded higher sales recognition from Galleria 2, Villa Heights 2 and Pavilion Embassy.

The Group recorded LBT of RM27.38 million for the FYE 31 March 2020 which represents a decrease of RM52.29 million (65.63%) as compared to the previous financial year of RM79.67 million. The improved performance was mainly due to higher gross profit which was in line with the increase in revenue coupled with lower operating expenses and finance costs recorded during the financial year under review.

3-month FPE 30 June 2020 vs 3-month FPE 30 June 2019

The Group recorded revenue of RM44.29 million for the 3-month FPE 30 June 2020 which represents an increase of RM3.73 million (9.20%) as compare to the previous financial period of RM40.56 million. The increase was mainly due to increase in revenue of RM2.6 million contributed from property development segment as the Group recorded higher sales recognition from Pavilion Embassy.

The Group recorded LBT of RM6.84 million for the 3-month FPE 30 June 2020 which represents a decrease of RM8.94 million (more than 100%) as compared to the previous financial period PBT of RM2.10 million. The decrease was mainly due to lower gross profit as the Group recorded higher cost of sales from property development segment and higher operating expenses during the financial period under review.

2. Value creation to the Group and its shareholders

As set out in Section 3 of this announcement, the Proposed Private Placement will allow the Group to raise necessary funding expeditiously to fund the working capital requirements of the Group's existing projects and ensure there is no delay in terms of carrying out the necessary works.

In addition, the Proposed Private Placement is expected to improve the Group's cash flow and liquidity position as the Group will not be required to periodically service interest expense and repay principal sums for the proceeds raised from the Proposed Private Placement as compared to conventional bank borrowings.

The Proposed Private Placement will allow the Group to raise proceeds of up to RM9.39 million without incurring additional interest expense as compared to conventional bank borrowings. For illustrative purposes only, assuming RM9.39 million was raised from conventional bank borrowings and assuming an effective interest of 6.85% per annum (as at the FYE 31 March 2020) the Group would incur additional interest cost of RM0.64 million per annum.

3. Impact of the Proposed Private Placement to the Group and its shareholders

The effects of the Proposed Private Placement on the Group's issued share capital, substantial shareholding structure, NA, gearing level and earnings and EPS are disclosed in Section 4 of this announcement.

Based on the indicative issue price of RM0.204 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of RM9.28 million and RM9.39 million under the Minimum Scenario and Maximum Scenario respectively, which is expected to result in the following effects:-

		Pro forma I After the Proposed Private Placement*1	
	Audited as at 31 March 2020	**Minimum Scenario*2**	**Maximum Scenario*3**
Issued share capital	RM227,338,373	RM236,613,778	RM244,020,090
No. of shares	454,676,707 GOB Shares	500,144,377 GOB Shares	506,421,471 GOB Shares
Current assets	RM644.95 million	RM654.23 million	RM654.34 million
Current liabilities	RM393.39 million	RM393.39 million	RM393.39 million
Current ratio	1.64 times	1.66 times	1.66 times
NA	RM253.89 million	RM263.17 million	RM263.28 million
NA per Share	RM0.56	RM0.53	RM0.52
Gearing ratio	0.83 times	0.80 times	0.79 times

Notes:-

*1 *Figures shown are upon completion of the Proposed Private Placement and before the utilisation of proceeds of the Proposed Private Placement*

*2 *Assuming 45,467,670 Placement Shares to be issued at an indicative issue price of RM0.204 per Placement Share*

*3 *Assuming 46,038,315 Placement Shares to be issued at an indicative issue price of RM0.204 per Placement Share*

The Proposed Private Placement, which is expected to be completed in the fourth quarter of 2020, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 March 2021. However, there will be a dilution in the EPS of the Group for the FYE 31 March 2021 due to the increase in the number of GOB Shares in issue arising from the Proposed Private Placement, as and when implemented.

The Proposed Private Placement may have a dilutive effect on the Company's existing shareholders' shareholdings. However, the Proposed Private Placement is expected to enlarge the share capital of the Company and increase its shareholders' funds and as set out in Section 3 of this announcement, the proceeds from the Proposed Private Placement will be used to fund the Group's working capital requirements for its existing projects.

4. Adequacy of the Proposed Private Placement in addressing the financial concerns of the Group

The proceeds to be raised from the Proposed Private Placement may be inadequate to fully address the overall financial concerns of the Group at this point in time. However, the Board is of the view that the Proposed Private Placement enables the Group to meets its immediate funding requirements, as set out in Section 3 of this announcement, in an expeditious manner and without incurring interest costs or affecting its cash flow requirements.

Further, the Board and management also consider the success of the Proposed Private Placement to be more certain and expedient as compared to other larger scale equity fund raising exercises such as a rights issue, hence higher certainty that the Group will raise necessary funds for the intended purposes on an expedient basis.

Barring any unforeseen circumstances, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture to address the Group's current financial requirements. The Board is currently not considering any other corporate exercises to address the Group's financial concerns. Nevertheless, the Board will continue to assess its funding requirements over the longer term, including a consideration of the Group's capital structure and cost of funds, and will consider undertaking future corporate exercises should the need/ opportunity arise.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK