

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.

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PGB

PARAGON GLOBE BERHAD

百丽环球

194801000095 (1713-A)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The resolution in respect of the above proposal will be tabled as Special Business at the Annual General Meeting (AGM) of the Company. The AGM will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Monday, 12 September 2022 at 10.00 a.m., or at any adjournment thereof. The Notice of AGM together with the Form of Proxy, are set out in the Annual Report 2022 of the Company which are published at the Company's corporate website at www.pgbgroup.com.my or Bursa Malaysia's website at www.bursamalaysia.com.

A member of PGB entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, vote and speak on his/her behalf. The Proxy Form shall be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit proxy appointment electronically via TIIH Online at <https://tjih.online> not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof or no later than Saturday, 10 September 2022 at 10.00 a.m. Please follow the procedures as set out in the Administrative Guide for the 75th AGM for the electronic lodgement of Proxy Form. The lodging of the Form of Proxy will not preclude you from participating and voting at the AGM should you subsequently decide to do so.

Date and time of the AGM	: Monday, 12 September 2022 at 10.00 a.m or at any adjournment thereof
Last date and time for lodging the Form of Proxy	: Saturday, 10 September 2022 at 10.00 a.m

This Circular is dated 29 July 2022

DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of Paragon Globe Berhad
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577(635998-W))
Circular	:	This circular to the shareholders of Paragon Globe in relation to the proposal dated 29 July 2022
CMSA	:	Capital Market Securities Act 2007
Dato' Sri Edwin Tan	:	Dato' Sri Edwin Tan Pei Seng, Executive Chairman of our Company
Dato' Sri Godwin Tan	:	Dato' Sri Godwin Tan Pei Poh, Group Executive Director of our Company
Director(s)	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of our Company, its subsidiaries or holding company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and practice notes issued thereunder including any amendments thereto that may be made from time to time
LPD	:	4 July 2022, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in our Company and the number or the aggregate of those shares, is: (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of our Company, its subsidiaries or holding company.

DEFINITIONS (Cont'd)

Paragon Globe or our Company	:	Paragon Globe Berhad
Paragon Globe Group or our Group	:	Paragon Globe and our subsidiaries, collectively
Person	:	Includes a body of persons, corporate or unincorporated (including a trust).
Person(s) Connected	:	In relation to any person (referred to as "said Person") means such person who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the said Person;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person.
Proposed Shareholders' Mandate / Proposal	:	Proposed renewal of shareholders' mandate for existing Recurrent Related Party Transactions to be entered into by our Group from the date of the forthcoming 75 th AGM to the next AGM
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director or Major Shareholder of the Company
Related Party Transaction(s) (RPT)	:	Transaction(s) entered into by Paragon Globe and its subsidiaries which involve(s) the interest, direct or indirect, of the Related Party(ies) of our Company

DEFINITIONS (Cont'd)

Recurrent Related Party Transaction(s) (RRPT)	:	Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature that are necessary for the day-to-day operations and are in the ordinary course of business of our Group
RM and sen	:	Ringgit Malaysia and sen respectively
Shareholders' Mandate	:	Shareholders' Mandate for the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with Related Party in the ordinary course of business which are necessary for the day-to-day operations of the Group

All references to "you" or "Shareholder" in this Circular are to the shareholders of Paragon Globe. All references to "we", "us", "our" and "ourselves" are in respect of Paragon Globe or the Paragon Globe Group, where relevant. References to persons shall include corporations, unless otherwise specified.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine shall, where applicable, include the feminine and/ or neuter gender, and vice versa.

Any reference in this Circular to any enactment, rules and regulations is a reference to that enactment, rules and regulations as for the time being amended or re-enacted. Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables between the amount listed, actual figures and the totals in this Circular are due to rounding.

This Circular includes forward-looking statements. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. All statements other than statements of historical facts included in this Circular including, without limitation, those regarding our Group's financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

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PARAGON GLOBE BERHAD

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194801000095 (1713-A)

(Incorporated in Malaysia)

Registered Office:
Suite 9D, Level 9, Menara Ansar,
65 Jalan Trus,
80000 Johor Bahru,
Johor Darul Takzim

29 July 2022

Board of Directors

Dato' Sri Edwin Tan Pei Seng *(Executive Chairman)*

Dato' Sri Godwin Tan Pei Poh *(Group Executive Director)*

Leong Siew Foong *(Executive Director)*

Tee Boon Hin *(Senior Independent Non-Executive Director)*

Dato' Haji Ismail Bin Karim *(Independent Non-Executive Director)*

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar

(Independent Non-Executive Director)

Dato' Jeffrey Lai Jiun Jye *(Non-Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

We had on 29 September 2021, obtained shareholders' mandate for our Group to enter into Recurrent Related Party Transactions on terms that are not more favourable to the Related Parties than those generally available to the public. The authority conferred by the existing shareholders' mandate shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming 75th AGM of our Company unless authority for its renewal is obtained from our shareholders at the forthcoming AGM of our Company.

In relation thereto, the Company has on 19 July 2022, announced its intention to seek approval from shareholders for the Company and/or its subsidiaries for the Proposed Shareholders' Mandate at the forthcoming AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at our forthcoming 75th AGM of the Company. The Notice of the 75th AGM together with the Form of Proxy are enclosed in the 2022 Annual Report.

SHAREHOLDERS OF PARAGON GLOBE ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSAL AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Introduction

Pursuant to Part E, Paragraph 10.09(2) of Chapter 10 of Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPT subject to the following:

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold in relation to a listed issuer with an issued and paid-up capital of RM60 million and above:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is higher;
- (c) The listed issuer's Circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information;
- (d) In a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Paragraph 10.08(7) where the interested Director, interested Major Shareholder or interested Person Connected to a Director or Major Shareholder and where the interest of an interested Person Connected to a Director or Major Shareholder is involved, such Director or Major Shareholder, must not vote on the resolution approving the transactions and an interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) The listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured shareholders' mandate pursuant to Paragraph 10.09(2), the provisions of Paragraph 10.08 will not apply.

It is anticipated that the RRPT are in the ordinary course of the Group businesses and they are likely to occur and are necessary for the day-to-day operations.

The Company is currently seeking approval from shareholders on the Proposed Shareholders' Mandate to allow the Group to enter into RRPT listed in Section 2.4 of this Circular with the Related Parties where the transactions are revenue or trading in nature and on normal commercial terms which on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of our Company.

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall take effect from and including **12 September 2022**, being the date of the forthcoming 75th AGM, and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after this date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting, whichever is the earlier.

We are required to disclose the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate in our 2022 Annual Report. In making such disclosure, we will provide a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year pursuant to the Proposed Shareholders' Mandate based on the following information:

- (a) type of Recurrent Related Party Transactions made; and
- (b) names of the Related Parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company.

Details of the Recurrent Related Party Transaction of the Group which is in accordance with Paragraph 10.09(1) of the Listing Requirements are set out in the ensuing paragraphs.

2.2 Principal Business

The principal activity of our Company is an investment holding company whilst the principal activities of our subsidiaries comprise the following:

No.	Name of Company	Principal Activities	Effective Ownership Interest (%)
1.	Paragon Bizhub Sdn Bhd	Property Development	100.00
2.	PGBG Construction Sdn Bhd	Property Development and Building Contractors	100.00
3.	Builtech Acres Sdn Bhd	Property Holding	99.06
4.	Paragon Globe Properties Sdn Bhd	Dormant, intended activity is Property Development	100.00
5.	Paragon Platinum Sdn Bhd	Dormant, intended activity is Property Development	100.00
6.	Paragon Business Hub Sdn Bhd	Dormant, intended activity is Property Development	100.00
Subsidiary Company of Builtech Acres Sdn Bhd			
1.	Sepang Medicity Sdn Bhd	Medical Centre Services Provider	99.06

2.3 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Interested Directors;
- (b) Interested Major Shareholders; and
- (c) Persons Connected with our Directors and/or Major Shareholders.

2.4 Class and nature of the Recurrent Related Party Transaction for the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate will apply to the following Recurrent Related Party Transactions entered into by the PGB Group with the following Related Parties:

No.	Nature of Recurrent Related Party Transaction	Parties Involved	Related Parties	Interested Directors, Interested Major Shareholders and Person Connected	Estimated value from 29 September 2021 to our 75 th AGM on 12 September 2022 (RM'000)	Actual value from 29 September 2021 till LPD (RM'000)	Estimated value from 75 th AGM on 12 September 2022 till the next AGM* ² (RM'000)
1	Rental of Office Premises* ¹	Paragon Globe	Castle Inn Realty Sdn Bhd	Dato' Sri Edwin Tan Dato' Sri Godwin Tan	300	325	620
2	Administration Support Services	Paragon Globe and its subsidiaries	Hotel Grand Paragon Sdn Bhd	Dato' Sri Edwin Tan Dato' Sri Godwin Tan	450	11	450

Notes:

*¹ Paragon Globe Berhad has renewed the tenancy agreements with Castle Inn Realty Sdn Bhd on 3 June 2022 whereby PGB has rented the office space located at Level 10-02, Hotel Grand Paragon, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor measuring the net floor area of approximately 5,327.38 square feet at the rate of RM9.40 per square feet for a monthly rental of RM50,077. The tenancy shall be for a period of three (3) years commencing 1 May 2022 and expiring 30 April 2025.

*² Estimated value is subject to actual value. The actual value may vary from the estimated value disclosed as the value cannot be ascertained. However, in accordance with Paragraph 3.3(a) of Practice Note 12 of the Listing Requirement, the transactions shall be RRPT and do not exceed 10% of the percentage ratio in Paragraph 10.02(g) of the Listing Requirements.

All transacted values are excluded from Sales and Services Tax or any other prevailing tax at that point of time.

2.5 Nature and Extent of Interest

The nature and extent of the interest of the interested Directors and Major Shareholders as stated in the preceding table are as follows:

- (a) Dato' Sri Edwin Tan is our Executive Chairman. He is also a director and substantial shareholder of both Castle Inn Realty Sdn Bhd and Hotel Grand Paragon Sdn Bhd through his 50% of direct shareholding respectively.
- (b) Dato' Sri Godwin Tan is the Group Executive Director for Paragon Globe. He is the director and shareholder of Castle Inn Realty Sdn Bhd through his 20% of direct shareholding. He also acts as the Director for Hotel Grand Paragon Sdn Bhd.

2.6 Amount Due and Owing by Related Parties

As at the LPD, there were no amounts due and owing to our Group under the RRPT which exceeded the credit limit.

2.7 Review Procedures in Relation to Recurrent Related Party Transactions

Our Group has established various procedures to ensure that the RRPT are undertaken at arm's length basis and on normal commercial terms consistent with our Group's normal business practices and policies, which are no more favourable to the Related Parties than those extended to third parties/public and are not to the detriment of the minority shareholders.

The RRPT will be undertaken based on prevailing rates according to normal commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations.

The procedures established by our Group are as follows:

- (a) All Related Party of the Group are responsible to provide Conflict of Interest Declaration Form to the Audit Committee of any potential RPT, RRPT and/or any conflict of interest involving him/her or Person Connected to him/her, including any additional information about the transaction that the Audit Committee may reasonably request subsequently. The Audit Committee will determine whether the transaction does, in fact, constitute RPT, RRPT and/or conflict of interest, and may engage professional or third-party opinion on the matter as required;
- (b) All Substantial Shareholders, Directors, employees of the Group are required to complete the "Conflict of Interest Declaration Form" in an annual basis, by disclosing the names of companies in which he/she and/or their Person Connected hold directorships and /or substantial shareholding, any potential RPT, RRPT and/or conflict of interest, if any to the Compliance Function;
- (c) Sales and Marketing Department's personnel and Project and Purchasing Department's personnel are required to submit Conflict of Interest Declaration Form whereby the owner, director and/or shareholder of the prospective customer or newly appoint supplier is required to disclose and declare whether the owner, director and/or its shareholder is the Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with such Substantial Shareholder, Director or employee. Sales and Marketing Department and Project and Purchasing Department are required to inform the Compliance Function in the event the owner, director and/or the shareholder of the prospective customer or newly appoint supplier is a Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with the Substantial Shareholder, Director or employee;

- (d) The Compliance Function will review all RPTs, RRPTs and/or the conflict of interest monthly, compile a listing of Related Party, nature of RPT, RRPT and/or the conflict of interest, estimated value of annual transactions and control(s) put in place to the transactions, subject to the update from time to time and subject to review by the Head of Compliance Function without the participation of the interested Related Party. It is the responsibility the Head of Compliance Function to notify the the Audit Committee of new RPT, RRPT and/or conflict of Interest with details in written communication and/or electronic communication and report to the Audit Committee for review at least once every quarter during the quarterly Audit Committee meeting;
- (e) For the avoidance of doubt, Significant Transaction involving Related Party for annual transaction value (based on financial year) of more than RM1,000,000.00 must subject to a formal review and approval by the Audit Committee, supported by information and documentations per Section 2.7(g) and Section 2.7(h), prior to the commencement of the transaction. Whilst Head of Compliance Function will notify the Audit Committee for annual transaction value if less than RM1,000,000.00 during Audit Committee Meeting;
- (f) Any member of the Audit Committee who has a actual conflict of interest, potential conflict of interest or perceived conflict of interest, whether directly or indirectly in any RPT, RRPT and/or any conflict of interest will recuse himself or herself and abstain from voting on the review and approval or ratification for all of the RPT, RRPT and/or conflict of interest and must not participate in the Audit Committee's discussions of the RPT, RRPT and/or any conflict of interest. Thereafter such member of the Audit Committee, if he/she is an Independent Director, shall be subject to independency and objectivity assessment by the Board of Directors of the Company to determine his/her independency and objectivity to continue his/her holding of office as Independent Director;
- (g) In order for the Audit Committee to review any RPT, RRPT and/or any conflict of interest, the Compliance Function shall provide the Audit Committee with all relevant material information of the RPT, RRPT and/or any conflict of interest, including but not limited to: -
 - (i) the terms of the transaction and its commercial reasonableness;
 - (ii) the description and business purpose of the transaction;
 - (iii) the extent of the Related Party's interest in the RPT, RRPT and/or any conflict of interest, if applicable;
 - (iv) the control(s) put in place;
 - (v) the benefits to the Company and/or to the Related Party;
 - (vi) the materiality of the RPT, RRPT and/or any conflict of interest to the Company and the percentage ratio pursuant to Chapter 10 of MMLR;
 - (vii) justification as to why the transaction must be undertaken with the Related Party; and
 - (viii) any other relevant information as the Audit Committee deems necessary.
- (h) In determining whether to recommend the RPT, RRPT and/or any conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting, the Audit Committee shall consider the following factors: -
 - (i) Whether the terms of the RPT, RRPT and/or the conflict of interest are at arms-length basis, on terms not more favourable to Related Party than those generally available to the public and in the best interest of the Company, fair, reasonable and not detriment to the interest of the Company or its subsidiary or its minority shareholders and/or would apply on the same basis if the transaction did not involve a Related Party;
 - (ii) Whether there are quotations provided by a non-Related Party for comparison and if no, justification for no price comparison;

- (iii) Whether there are any compelling business reasons for the Company or its subsidiary to enter into the RPT, RRPT and/or the conflict of interest and the nature of alternative transactions, if any;
 - (iv) Whether the RPT, RRPT and/or the conflict of interest would impair the independence of an otherwise Independent Director, Director or Chief Executive of the Company or its subsidiary (as the case maybe);
 - (v) Whether the Audit Committee was notified about the RPT, RRPT and/or the conflict of interest before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company or its subsidiary; and
 - (vi) Whether the RPT, RRPT and/or the conflict of interest would present an improper conflict of interest for Related Party or the employee of the Company or its subsidiary, taking into account the size of the transaction, the overall financial materiality of RPT, RRPT and/or the conflict of interest to the Related Party or the employee of the Company or its subsidiary, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
- (i) If in any event, the Audit Committee decides not to recommend a RPT, RRPT and/or the conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting that has been commenced without approval, the Audit Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or modification of the transaction to make it acceptable for ratification. In connection with any review of a RPT, RRPT and/or the conflict of interest, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.
 - (j) All RPTs, RRPTs and/or any conflict of interest reviewed by the Audit Committee are to be reported and recommended to the Board of Directors for deliberation and approval. The considerations set forth above shall apply to the Board of Directors with such modifications as may be necessary or appropriate under the circumstances.
 - (k) Any member of the Board of Directors who has an actual interest, potential interest or perceived interest in any the RPT, RRPT and/or Conflict of Interest will recuse himself or herself and abstain from voting on the approval or ratification of the RPT, RRPT and/or the conflict of interest and must not participate in the Board of Directors discussions of the RPT, RRPT and/or the conflict of interest.

2.8 Audit Committee Statement

The Audit Committee of our Company shall review the procedures and is of the view that the said procedures are sufficient to ensure that the RRPT are conducted at arm's length and on normal commercial terms which are consistent with our Group's normal business practices and policies and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Group.

The Audit Committee is also in the view that Paragon Globe Group has put in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The procedures will be reviewed whenever the need arises and any recommendations will be proposed when necessary.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT that are set out in Section 2.4 of this Circular are in the ordinary courses of business and intended to meet the business needs of our Group on the best possible terms. The RRPT would create mutual benefits for the Group, such as expediency and increased efficiency necessary for day-to-day operations. Additionally, the Group benefits from the close working relationship with the Related Party and the prompt and reliable services from them.

These transactions may be time-sensitive in nature and it may be impractical to seek Shareholders' approval on a case-by-case basis before entering into such Related Party Transactions. Hence, the Board is seeking approval from shareholders on the Proposed Shareholders' Mandate to enter into such transactions which would substantially reduce administrative time, inconvenience and additional expenses associated with the convening of a separate meeting for approval of each transaction. This will improve the administrative efficiency, resources allocation and time effectiveness to be focused on attaining Company corporate objectives and business opportunities.

The Proposed Shareholders' Mandate is to ensure the RRPT will be transacted at arm's length basis and the terms entered is not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the share capital, the substantial shareholders' shareholdings and is not expected to have material effect on the net assets and earnings of our Group for the financial year ending 31 March 2023.

5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to and conditional upon obtaining the approval from shareholders at the forthcoming AGM.

6. INTERESTS OF THE INTERESTED DIRECTORS, INTERESTED MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The direct and indirect interests of the interested Directors, Major Shareholders as at the LPD are as follows:

(a) Interest in Paragon Globe's Shares

Interested Directors and Major Shareholders	← Direct →		← Indirect →	
	No. of Shares	%	No. of Shares	%
Dato' Sri Edwin Tan	175,200	0.023	386,810,000* ¹	51.808
Dato' Sri Godwin Tan	8,000	0.001	386,810,000* ¹	51.808

Note:

*¹ Deemed interest by virtue of his substantial indirect interest in Paragon Adventure Sdn Bhd

The above interested Directors and interested Major Shareholders have and will continue to abstain from Board deliberations and voting of the Proposed Shareholders' Mandate in respect of their direct and/ or indirect shareholdings in Paragon Globe at the forthcoming AGM to be convened.

In addition, the interested Directors and interested Major Shareholders have undertaken to ensure that Persons Connected with them shall abstain from voting in respect of their direct and indirect shareholdings in Paragon Globe in relation to the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled in the forthcoming AGM.

7. OPINION AND RECOMMENDATION FROM DIRECTORS

Save for the interested Directors namely, Dato' Sri Edwin Tan and Dato' Sri Godwin Tan, the Board of Directors have considered all aspects of the Proposed Shareholders' Mandate and is of the opinion that it is in the best interest of the Company and shareholders. Accordingly, the Board of Directors would recommend you to vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

8. ANNUAL GENERAL MEETING

The 75th AGM of the Company will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Monday, 12 September 2022 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the Proxy Form which is attached together with the 2022 Annual Report of Paragon Globe in accordance with the instructions contained therein and to deposit the Proxy Form at the Registered Office of the Company as soon as possible but in any event not less than forty-eight (48) hours before the time fixed for the AGM.

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

9. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully,
For and on behalf of the Board of
PARAGON GLOBE BERHAD

Dato' Haji Ismail Bin Karim
Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of Paragon Globe who individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Neither Paragon Globe nor its subsidiaries has entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding the date of this Circular except for the following: -

1. On 22 May 2020, the Company has entered into a Share Sale Agreement with Marex Corporation Sdn Bhd to dispose entire issued share capital in its subsidiaries, namely Zone Nine Sdn Bhd (“Zone Nine”), Bright Moore Sdn Bhd (“Bright Moore”) and Capital Leap Sdn Bhd (“Capital Leap”) for a total cash consideration of RM1,696,818 only inclusive of the assumption of liabilities. Zone Nine has an issued share capital of RM26,695,002 comprising 3,195,002 ordinary shares and 23,500,000 redeemable non-convertible non-cumulative preference shares while Bright Moore has an issued share capital of RM24,350,000 comprising 20,000,000 ordinary shares and 4,350,000 redeemable non-convertible non-cumulative preference shares. Capital Leap has an issued share capital of RM500,000 comprising 500,000 ordinary shares. On 10 June 2020, the share sale agreement has been completed and all three companies had ceased to be subsidiaries of Paragon Globe Berhad.
2. On 24 June 2020, Paragon Platinum Sdn Bhd (“Paragon Platinum”), a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Jimmy Tan @ Tan Meng Kow and Tan Meng Kuan both as the Administrator of the Estate of Tan Kim Hong (Deceased) to purchase a piece of freehold land held under Title No. Geran 25002, Lot 19 Seksyen 87A, Bandar Kuala Lumpur, Dearah Kuala Lumpur di Negeri Wilayah Persekutan measuring approximately 3,874 square meter for at a consideration price of Ringgit Malaysia Six Million Two Hundred Fifty Six Thousand and Fifty (RM6,256,050) only. However, the said sale and purchase agreement is deemed aborted as the Vendors did not comply with the Conditions Precedents stated in the said sale and purchase agreement.
3. On 5 December 2019, Paragon Globe Properties Sdn. Bhd, a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement (“SPA”) with Iskandar Capital Sdn Bhd (“the Vendor”) to acquire part of freehold land held under Geran 507162 Lot 149989 (formerly held under HS(D) 484311 PTD 175988), PTD 175989, Geran 507161 Lot 149991 (formerly held under HS(D) 484312 PTD 175990), all in Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 31.1 acres in area known as Plot ED-5A and Plot ED-5B for a purchase consideration of RM60,962,220.

The Company and the Vendor have entered into Supplemental Agreements (“SAs”) and further extended the completion period to 4 September 2022 from 4 December 2021 to allow completion of the Conditions Precedents. Subject to the terms and conditions stipulated in the SPA and SAs, the transaction is yet to be completed as at the financial year ended.

4. On 2 September 2021, Paragon Globe Berhad has entered into a Memorandum of Understanding (“MOU”) with Selgate Properties Sdn Bhd (“Selgate”) with the intention and understanding with respect to their cooperation to collaborate, discuss, negotiate and formalise the scope of the terms of the cooperation and collaboration to develop several private specialist hospitals in the agreed territory of Malaysia (“Objective”) and to make available and provide healthcare services according to the generally accepted standard of private hospital practice in accordance to with the provisions of laws and regulations of Malaysia.

The Company and Selgate (collectively known as “the Parties”) agreed that this MOU shall become effective upon the date of execution and shall remain valid and in force for two (2) years with an extension for a further period of two (2) years from such execution date or until such later date as agreed in writing by the Parties (“Termination Date”). The Company and Selgate acknowledged that achievement of the Objective is subject to and conditional upon both parties independently satisfying itself on or before the Termination Date. There is no material development with regards to the MOU with Selgate since 2 September 2021.

5. On 24 June 2022, Paragon Platinum Sdn Bhd (“Paragon Platinum”), a wholly-owned subsidiary of the Company, has entered into three Sale and Purchase Agreement (“SPA”) with three different vendors namely Lim Thian Seng, Eng Foo (Lim) Enterprise Sdn Bhd and Heng Foo Lim Enterprise Sdn Bhd to purchase three pieces of freehold agriculture land held under GM 950 Lot 282, GM 439 Lot 283 and GM 880 Lot 85, Mukim of Plentong, District of Johor Bahru, State of Johor, measuring approximately 26.84 acres for at a consideration price of Ringgit Malaysia Thirty Eight Million Seventy Nine Thousand Four Hundred and Twenty (RM38,079,420) only. The consideration price shall be payable upon the execution of the SPA, being payment by way of deposit and part payment. The balance of purchase price shall be paid and completed within twelve (12) months from the date of SPA.

3. MATERIAL LITIGATION

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

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours between Monday and Friday (except public holidays) at the Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, from the date of this Circular up to and including the date of the forthcoming 75th AGM of our Company: -

- (a) Constitution;
- (b) Material contracts referred to in Section 2 of above;
- (c) Audited consolidated financial statements for the past two financial years ended 31 March 2021 and 31 March 2022.