

**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, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED ACQUISITION BY PARAGON BUSINESS HUB SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF PARAGON GLOBE BERHAD ("PGB" OR "COMPANY"), OF ONE (1) PARCEL OF FREEHOLD LAND HELD UNDER GM 699 LOT 300 OF MUKIM PLENTONG, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR FOR A PURCHASE CONSIDERATION OF RM9.518 MILLION TO BE SATISFIED IN CASH ("PROPOSED ACQUISITION")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**SJ SECURITIES**

**SJ SECURITIES SDN BHD**

(Company No. 198501009222)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of PGB will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 28 February 2023 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

A member of PGB entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. The Form of Proxy shall be deposited with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd at 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://tiih.online> not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof or no later than Sunday, 26 February 2023 at 10.00 a.m.. Please follow the procedures as set out in the Administrative Guide for the EGM for the electronic lodgement of the Form of Proxy. The lodging of the Form of Proxy will not preclude you from participating and voting at the EGM should you subsequently decide to do so.

Date and time of EGM : Tuesday, 28 February 2023 at 10.00 a.m. or at any adjournment thereof

Last date and time for lodging of Form of Proxy : Sunday, 26 February 2023 at 10.00 a.m.

This Circular is dated 10 February 2023

## DEFINITIONS

---

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

|                                       |   |
|---------------------------------------|---|
| Board                                 | : Our Board of Directors  |
| Bursa Securities                      | : Bursa Malaysia Securities Berhad (Company No. 200301033577 (635998-W))  |
| CBRE WTW or Valuer                    | : CBRE WTW Valuation & Advisory Sdn Bhd (Company No. 197401001098)  |
| Circular                              | : This circular dated 10 February 2023  |
| E&E                                   | : Electrical and electronics  |
| EGM                                   | : Extraordinary general meeting   |
| EPS                                   | : Earnings per Share  |
| FYE                                   | : Financial year ended/ending   |
| Land A                                | : One (1) parcel of freehold land held under Geran 80943 Lot 2699 of Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 42.2896 hectares |
| Land A Acquisition                    | : Acquisition of Land A by PBHSB from Vendors A for the Land A Purchase Consideration to be satisfied in cash   |
| Land A Balance Purchase Consideration | : Balance of the Land A Purchase Consideration in the sum of Ringgit Malaysia sixty four million three hundred and fifty thousand (RM64,350,000.00) only              |
| Land A Purchase Consideration         | : Purchase consideration in the sum of Ringgit Malaysia seventy one million and five hundred thousand (RM71,500,000.00) only for the Land A Acquisition               |
| Land A SPA                            | : Conditional sale and purchase agreement dated 9 November 2022 entered into between PBHSB and Vendors A for the Land A Acquisition                                   |
| Land B                                | : One (1) parcel of freehold land held under GM 699 Lot 300 of Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 3.9457 hectares        |
| Land B Balance Purchase Consideration | : Balance of Land B Purchase Consideration in the sum of Ringgit Malaysia eight million five hundred sixty six thousand and two hundred (RM8,566,200.00) only         |
| Land B Purchase Consideration         | : Purchase consideration in the sum of Ringgit Malaysia nine million five hundred and eighteen thousand (RM9,518,000.00) only for the Proposed Acquisition            |
| Land B SPA                            | : Conditional sale and purchase agreement dated 30 November 2022 entered into between PBHSB and Vendor B for the Proposed Acquisition                                 |
| Lands                                 | : Collectively, Land A and Land B   |
| Listing Requirements                  | : Main Market Listing Requirements of Bursa Securities  |

## DEFINITIONS *(Cont'd)*

---

|                        |  |
|------------------------|--|
| LPD                    | : 31 January 2023, being the latest practicable date prior to the printing of this Circular  |
| NA                     | : Net assets   |
| PAT                    | : Profit after taxation  |
| PBHSB                  | : Paragon Business Hub Sdn Bhd (Company No. 201801003286 (1265299-H)), our wholly-owned subsidiary                                     |
| PBHSB's Solicitors     | : Messrs Dennis Nik & Wong   |
| PGB or Company         | : Paragon Globe Berhad (Company No. 194801000095 (1713-A))   |
| PGB Group or Group     | : Collectively, our Company and our subsidiaries   |
| Proposed Acquisition   | : Proposed acquisition of Land B by PBHSB from Vendor B for the Land B Purchase Consideration to be satisfied in cash                  |
| Share                  | : Ordinary share in our Company  |
| SJ Securities          | : SJ Securities Sdn Bhd (Company No. 198501009222)   |
| Valuation Reports      | : Valuation reports prepared by the Valuer dated 25 November 2022 and 29 November 2022 to assess the market value of Land A and Land B |
| Vendor B               | : Tan Kim Yan  |
| Vendor B's Solicitors  | : Messrs Tiong & Ding  |
| Vendors A              | : Collectively, Tan Teng Chiu and Tan Chaan Hong, both as executors for the estate of the late Tan Beng Hoea                           |
| Vendors A's Solicitors | : Messrs The Law Chambers of Yeap & Lim  |

All references to "you" or "Shareholder" in this Circular are to the shareholders of PGB. All references to "we", "us", "our" and "ourselves" are in respect of PGB or the PGB 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 gender shall, where applicable, include the feminine gender and 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 may be amended or re-enacted from time to time.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise indicated.

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

This Circular includes 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.

## **CONTENTS**

---

### **LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION CONTAINING:**

|   | <b>PAGE</b> |
|---|-------------|
| 1. INTRODUCTION   | 1           |
| 2. DETAILS OF THE PROPOSED ACQUISITION  | 2           |
| 3. DETAILS OF THE LAND A ACQUISITION  | 8           |
| 4. INFORMATION ON THE LANDS   | 14          |
| 5. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION<br>(TOGETHER WITH THE LAND A ACQUISITION) | 16          |
| 6. INDUSTRY OVERVIEW AND PROSPECTS OF THE LANDS   | 16          |
| 7. RISK FACTORS   | 20          |
| 8. EFFECTS OF THE PROPOSED ACQUISITION  | 23          |
| 9. PERCENTAGE RATIO   | 24          |
| 10. APPROVALS REQUIRED AND CONDITIONALITY   | 24          |
| 11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS<br>CONNECTED WITH THEM            | 24          |
| 12. DIRECTORS' STATEMENT  | 24          |
| 13. CORPORATE EXERCISES/SCHEME ANNOUNCED BUT PENDING<br>COMPLETION                              | 24          |
| 14. ESTIMATED TIMEFRAME FOR COMPLETION  | 25          |
| 15. EGM   | 25          |
| 16. FURTHER INFORMATION   | 25          |

### **APPENDICES**

|  |    |
|--|----|
| I VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS | 26 |
| II FURTHER INFORMATION                               | 32 |

**NOTICE OF EGM** **ENCLOSED**

**FORM OF PROXY** **ENCLOSED**

**ADMINISTRATIVE GUIDE FOR THE EGM** **ENCLOSED**



**Registered Office**

Level 10-02, Grand Paragon Hotel,  
No. 18, Jalan Harimau,  
Taman Century,  
80250 Johor Bahru,  
Johor

10 February 2023

**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 ACQUISITION**

---

**1. INTRODUCTION**

On 30 November 2022, SJ Securities, had on behalf of our Board, announced that PBHSB, had on even date entered into the Land B SPA with Vendor B for the proposed acquisition of one (1) parcel of freehold land held under GM 699 Lot 300 of Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 3.9457 hectares for a purchase consideration of RM9.518 million to be satisfied in cash.

For information purposes, our Company had on 9 November 2022 announced that PBHSB had entered into the Land A SPA with Vendors A for the acquisition of one (1) parcel of freehold land held under Geran 80943 Lot 2699 of Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 42.2896 hectares for a purchase consideration of RM71.5 million to be satisfied in cash. Pursuant to Paragraphs 10.12(1) and 10.12(2)(c) of the Listing Requirements, the Proposed Acquisition and the Land A Acquisition are to be aggregated as the terms of the transactions were agreed upon within a period of 12 months and the transactions involve the acquisitions of parcels of land contiguous to each other.

Further details of the Proposed Acquisition and the Land A Acquisition are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND LAND A ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM.

## 2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition of Land B and is subject to the terms and conditions of the Land B SPA. Pursuant to the Land B SPA, Vendor B has agreed to sell, and PBHSB has agreed to purchase, Land B free from all and any encumbrances, caveats and with vacant possession on an “as is where is” basis as at the date of the Land B SPA but subject to all conditions of title, whether express or implied, and any restriction-in interest affecting Land B and upon the terms and conditions contained therein. Further information on the Lands (including Land B) is set out in Section 4 of this Circular.

### 2.1 Background information on Vendor B

Tan Kim Yan is a citizen of Malaysia.

Vendor B is not connected in any manner to our Group (including PBHSB).

### 2.2 Salient terms of the Land B SPA

The salient terms of the Land B SPA are as follows:

#### 2.2.1 Payment of the Land B Purchase Consideration

The details of the mode of payment in respect of the Land B Purchase Consideration are as follows:

| <b>Mode of payment</b>                      | <b>RM</b>        |
|---|------------------|
| Upon signing of the Land B SPA (10%)        | 951,800          |
| Land B Balance Purchase Consideration (90%) | 8,566,200        |
| <b>Total</b>                                | <b>9,518,000</b> |

The Land B Purchase Consideration shall be payable by PBHSB in the following manner:

- (i) upon execution of the Land B SPA, the sum of Ringgit Malaysia nine hundred fifty one thousand and eight hundred (RM951,800.00) only being payment by way of deposit and part payment towards account of the Land B Purchase Consideration (“**Land B Deposit**”) to be paid to Vendor B’s Solicitors as stakeholder; and
- (ii) Land B Balance Purchase Consideration to be paid to Vendor B on or before the last day of two (2) months from the date of the Land B SPA becoming unconditional (“**Land B Completion Period**”).

- (iii) Vendor B's Solicitors are authorised to deal with the Land B Deposit (including all interest accrued thereon) in the following manner:
  - (a) within seven (7) days from the Unconditional Date (as defined herein), to release the Land B Deposit (including all interest accrued thereon) to Vendor B; or
  - (b) within seven (7) days from the termination of the Land B SPA, to release the Land B Deposit (including all interest accrued thereon) to PBHSB's Solicitors.
- (iv) in the event PBHSB is unable to pay the Land B Balance Purchase Consideration within the Land B Completion Period, Vendor B shall automatically and without the requirement of any prior notice, grant PBHSB an extension of one (1) month from the day immediately following the expiry of the Land B Completion Period ("**Land B Extended Completion Period**") provided that:
  - (a) PBHSB shall pay to Vendor B interest on a daily basis at six per centum (6%) per annum on the unpaid Land B Balance Purchase Consideration ("**Land B Interest**") from the day immediately following the expiry of the Land B Completion Period to the date of full payment of the outstanding Land B Balance Purchase Consideration; and
  - (b) Such Land B Interest shall be paid together with the outstanding Land B Balance Purchase Consideration.

#### 2.2.2 Special conditions in the Land B SPA

- (i) The sale is subject to the approval by the shareholders of PGB in compliance with the provisions of Paragraphs 10.07 and 10.12 of the Listing Requirements ("**PGB Shareholders' Approval**").
- (ii) PBHSB shall use its best endeavors to obtain the PGB Shareholders' Approval within four (4) months from the date of the Land B SPA ("**Land B Cut-Off Date**") and shall be automatically granted an extension of one (1) month upon expiry of the Land B Cut-Off Date ("**Land B Extended Cut-Off Date**").
- (iii) In the event the PGB Shareholders' Approval is not obtained or is rejected on or before the Land B Cut-Off Date or Land B Extended Cut-Off Date, Vendor B shall have the option to:
  - (a) terminate the sale of Land B and the Land B Deposit (including all interest accrued thereon) shall be refunded to PBHSB within seven (7) days from the date of termination and thereafter neither party shall have any claim in whatsoever manner against the other party;

- (b) extend time(s) for PBHSB to obtain the PGB Shareholders' Approval for a period of not less than one (1) month ("**Land B Further Extended Cut-Off Date**"). In the event the PGB Shareholders' Approval is not obtained on or before the Land B Further Extended Cut-Off Date or such mutually extended period thereof, the sale and purchase of Land B shall be deemed to be mutually terminated and the Land B Deposit (including all interest accrued thereon) shall be refunded to PBHSB within seven (7) days from the date of such notice and thereafter neither party shall have any claim in whatsoever manner against the other party.
- (iv) Vendor B shall render such assistance to PBHSB as may be reasonably required for the procurement of the PGB Shareholders' Approval.
- (v) The PGB Shareholders' Approval shall be applied for and procured by PBHSB at its own costs and expenses.
- (vi) In the event the PGB Shareholders' Approval is granted within the Land B Cut-Off Date or the Land B Extended Cut-Off Date or the Land B Further Extended Cut-Off Date, as the case may be, PBHSB's Solicitors shall forthwith inform Vendor B's Solicitors in writing accordingly.
- (vii) The Land B SPA shall become unconditional and effective upon the date the notice of PGB Shareholders' Approval is received by PBHSB's Solicitors ("**Unconditional Date**"), which date shall in any event not be later than the Land B Cut-Off Date or the Land B Extended Cut-Off Date or the Land B Further Extended Cut-Off Date, as the case may be.

### 2.2.3 Vacant possession

- (i) Vacant possession of Land B shall be delivered to PBHSB within five (5) working days from the date the full Land B Purchase Consideration is paid to Vendor B by PBHSB ("**Land B Completion Date**") where such actual date of delivery of vacant possession of Land B shall hereinafter be referred to as the "**Land B Vacant Possession Date**".

Provided always that in the event Vendor B shall fail to deliver vacant possession of Land B to PBHSB within the abovementioned five (5) working days, Vendor B shall pay to PBHSB interest on a daily basis at six per centum (6%) per annum on the Land B Purchase Consideration from the Land B Completion Date to the actual date of delivery of vacant possession of Land B by Vendor B to PBHSB.

- (ii) Land B shall be at the risk of Vendor B until the Land B Vacant Possession Date.

#### **2.2.4 Default by PBHSB**

- (i) If PBHSB:
  - (a) fails, refuses and/or neglect to pay the Land B Balance Purchase Consideration on or before the Land B Completion Period or Land B Extended Completion Period and/or to complete the purchase of Land B; or
  - (b) commits any breach of the terms and conditions contained in the Land B SPA or fails to perform or observe all or any of PBHSB's covenants under the Land B SPA; or
  - (c) before payment in full of the Land B Purchase Consideration, commits an act of bankruptcy or enters into any composition or arrangement with his creditors or being a company, enters into liquidation whether compulsory or voluntary;

without prejudice to any other rights or remedies conferred upon Vendor B whether by law or otherwise in particular the remedy of specific performance, Vendor B may annul the sale of Land B and forthwith terminate the Land B SPA.

- (ii) If Vendor B decides to terminate the Land B SPA in accordance with Clause 2.2.4(i) above:
  - (a) Vendor B shall:
    - (A) be entitled to deal with or otherwise dispose of Land B in such manner as Vendor B shall see fit as if the Land B SPA had not been entered into;
    - (B) be entitled to forfeit absolutely the Land B Deposit as agreed liquidated damages and set-off any monies paid by PBHSB towards the Land B Purchase Consideration against interest payable (if any); and
    - (C) thereafter refund any further balance of monies paid by PBHSB towards the Land B Purchase Consideration free of interest.
  - (b) forthwith upon receipt of the sums refundable under 2.2.4(ii)(a)(C) above, PBHSB shall at his own cost and expense:
    - (A) withdraw any private caveat entered by PBHSB and cause PBHSB's financier or its solicitors to withdraw any private caveat entered or to remove any encumbrance created over Land B if the same has been lodged against Land B by PBHSB's financier or its solicitors;
    - (B) return or cause to be returned all relevant documents forwarded to PBHSB's Solicitors as stakeholders if the same shall have been delivered by Vendor B to PBHSB's Solicitors;

- (C) re-transfer Land B to Vendor B and/or discharge the charge over Land B if the transfer and/or a charge in favour of PBHSB's financier has/have been registered pursuant to the Land B SPA;
- (c) thereafter, neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

#### 2.2.5 Default by Vendor B

- (i) If Vendor B failing for any reason whatsoever to complete the sale of Land B pursuant to the Land B SPA, PBHSB shall be entitled at his option:
  - (a) to enforce specific performance of the Land B SPA; or
  - (b) to elect by notice in writing ("**Notice of Election**") served on Vendor B to pay a sum equivalent to 10% of the Land B Purchase Consideration as agreed liquidated damages ("**Land B Liquidated Damages**") to PBHSB.
- (ii) If PBHSB decides to proceed with Clause 2.2.5(i)(b), Vendor B shall on or before the expiry of fourteen (14) days from the date of the Notice of Election cause all monies paid by PBHSB to Vendor B's Solicitors or Vendor B, as the case may be, pursuant to the provisions of the Land B SPA (including the Land B Purchase Consideration, the interest earned thereon and all sums paid upon apportionment pursuant to the Land B SPA, if any) to be refunded to PBHSB together with the Land B Liquidated Damages payable to PBHSB.
- (iii) Forthwith upon refund pursuant to Clause 2.2.5(ii) of all monies paid pursuant to the Land B SPA by PBHSB and the payment of the Land B Liquidated Damages and interest if any, by Vendor B to PBHSB then:
  - (a) PBHSB shall:
    - (i) deliver or cause to deliver to Vendor B a notice of withdrawal of private caveat duly executed by PBHSB or PBHSB's financier or its solicitors if the same has been lodged against Land B;
    - (ii) return or cause to be returned all relevant documents forwarded to PBHSB's Solicitors as stakeholders if the same shall have been delivered by Vendor B to PBHSB's Solicitors;
  - (b) thereafter, neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

### **2.3 Basis and justification for the Land B Purchase Consideration**

The Land B Purchase Consideration of RM9.518 million was arrived at on a willing-buyer willing-seller basis after taking into consideration, among others, the market value of Land B as at 17 November 2022 of RM10.0 million as ascribed by an independent firm of valuers appointed by our Company, namely CBRE WTW, in its valuation certificate dated 29 November 2022.

In arriving at the market value of Land B, the Valuer had adopted the comparison approach as the method of valuation. The comparison approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, terrain, size and shape of land, tenure, planning status, title restrictions (if any) and other relevant characteristics to arrive at the market value. The Valuer had adopted the comparison approach as the only method of valuation after taking into consideration that Land B is a parcel of development land without detailed planning approval and that there are adequate comparable sales in the vicinity of Land B which can be relied upon.

We are of the view that the Land B Purchase Consideration is justifiable as it represents a discount of approximately 4.8% to the market value of Land B of RM10.0 million.

The valuation certificate from the Valuer on the Lands is set out in **Appendix I** of this Circular.

### **2.4 Liabilities to be assumed**

Save for the potential bank borrowings that may be incurred to fund the Proposed Acquisition, our Group will not assume any liabilities including contingent liabilities and guarantees pursuant to the Proposed Acquisition.

### **2.5 Additional financial commitment**

Save for the Land B Purchase Consideration and working capital requirements for the development of the Lands (including the gross development cost which ranges from RM519.9 million to RM529.6 million as further set out in Section 4 of this Circular), there are no other additional significant financial commitments to be extended by our Group in relation to Land B pursuant to the Proposed Acquisition.

### **2.6 Source of funding**

The Land B Purchase Consideration is expected to be funded via a combination of internally generated funds, bank borrowings and/or equity fund raising. The exact quantum and the resultant proportion of internal funds, bank borrowings and/or equity fund raising has not been ascertained at this juncture.

In addition, the funding for the development of the Lands is expected to be financed via internally generated funds and/or bank borrowings.

### 3. DETAILS OF THE LAND A ACQUISITION

The Land A Acquisition involves the acquisition of Land A and is subject to the terms and conditions of the Land A SPA. Pursuant to the Land A SPA, Vendors A have agreed to sell, and PBHSB has agreed to purchase, Land A free from all charges, liens, encumbrances and with vacant possession on an “as is where is” basis as at the date of the Land A SPA but subject to all conditions of title, whether expressed or implied, and any restriction-in interest affecting Land A and upon the terms and conditions contained therein. Further information on the Lands (including Land A) is set out in Section 4 of this Circular.

#### 3.1 Background information on Vendors A

Tan Teng Chiu and Tan Chaan Hong are both citizens of the Republic of Singapore and are executors for the estate of the late Tan Beng Hoea (“**Deceased**”).

By way of a Grant of Probate granted by the Family Justice Courts of the Republic of Singapore - Case No. P246/2012 Document No.: HCF/PRG 87/2017 dated 21 December 2012 and issued on 27 February 2017, Vendors A are the executors for the estate of the Deceased. The Order of the Grant of Probate has been resealed by the High Court of Johor Bahru, Johor on 10 March 2019. Subsequently, Vendors A had on 3 October 2022 presented to the relevant authorities for the transmission of Land A to Vendors A as executors for the estate of the Deceased.

Vendors A are not connected in any manner to our Group (including PBHSB).

#### 3.2 Salient terms of the Land A SPA

The salient terms of the Land A SPA are as follows:

##### 3.2.1 Payment of the Land A Purchase Consideration

The details of the mode of payment in respect of the Land A Purchase Consideration are as follows:

| <b>Mode of payment</b>                             | <b>RM</b>         |
|--|-------------------|
| Earnest deposit                                    | 1,430,000         |
| Upon signing of Land A SPA                         | 5,720,000         |
| Total amount paid upon signing of Land A SPA (10%) | 7,150,000         |
| Land A Balance Purchase Consideration (90%)        | 64,350,000        |
| <b>Total</b>                                       | <b>71,500,000</b> |

The Land A Purchase Consideration shall be payable by PBHSB in the following manner:

- (i) upon or before the execution of the Land A SPA, the sum of Ringgit Malaysia seven million one hundred and fifty thousand (RM7,150,000.00) only being payment by way of deposit and part payment towards account of the Land A Purchase Consideration (“**Land A Deposit**”) to be paid to Vendors A’s Solicitors as stakeholder; and
- (ii) Land A Balance Purchase Consideration be paid to Vendors A’s Solicitors as stakeholder for onward transmission to Vendors A on or before the last day of six (6) months from the date of the Land A SPA becoming unconditional (“**Land A Completion Date**”).

- (iii) In the event PBHSB is unable to pay the Land A Balance Purchase Consideration by the Land A Completion Date, Vendors A shall automatically grant PBHSB an extension of one (1) month from the day immediately following the expiry of the Land A Completion Date ("**Land A Extended Completion Date**") provided that:
  - (a) PBHSB shall pay to Vendors A interest on a daily basis at six per centum (6%) per annum on the unpaid Land A Balance Purchase Consideration ("**Land A Interest**") from the day immediately following the expiry of the Land A Completion Date to the date of full payment of the outstanding Land A Balance Purchase Consideration; and
  - (b) Such Land A Interest shall be paid in advance by PBHSB to PBHSB's Solicitors immediately prior to the Land A Completion Date and shall be apportioned and paid to Vendors A's Solicitors, upon receipt of the full payment of the outstanding Land A Balance Purchase Consideration.

### 3.2.2 Special conditions in the Land A SPA

- (i) The sale of Land A is subject to:
  - (a) Approval by the Estate Land Board and in consideration of the Land A Deposit paid by PBHSB to Vendors A's Solicitor as stakeholder by way of deposit and part payment towards account of the consideration on the date of signing of the Land A SPA, Vendors A shall take all necessary steps to apply for and procure the consent from the Estate Land Board ("**Consent**"); and
  - (b) Application to High Court of Malaysia by Vendors A for an order to dispose Land A to PBHSB ("**Order for Sale**").

(Collectively to be referred to as "**Land A Conditions Precedent**")
- (ii) The costs and expenses to be incurred to procure and comply with any conditions of the Consent and the Order for Sale shall be borne by Vendors A.
- (iii) The application for the Consent and Order for Sale shall be the sole responsibility of Vendors A.
- (iv) In the event that the Order for Sale is not granted by High Court of Malaysia and/or Consent is not obtained or is rejected by the relevant authorities within six (6) months from the date of the Land A SPA, PBHSB may opt to give a further period of six (6) months for Vendors A to appeal or apply for the Consent and/or Order for Sale, or to terminate the Land A SPA whereupon Section 3.2.2(v) below shall apply provided always that the requirement for obtaining the Order for Sale will be waived in the event the relevant authorities accepts the transfer for registration without the Order for Sale.

- (v) In the event any of the Land A Conditions Precedent is not fulfilled within the stated period in Section 3.2.2(iv) above, either party shall be entitled to terminate the Land A SPA by written notice to the other and Vendors A shall unconditionally and irrevocably refund the Land A Deposit free of interest and all monies whatsoever paid by PBHSB to Vendors A, if any, and thereafter the Land A SPA shall be null and void and have no effect whatsoever and neither party shall have any claims against the other, save and except for any antecedent breach and the parties shall bear their own abortive costs of the transaction. Provided always that the requirement for obtaining the Order for Sale will be waived in the event the relevant authorities accepts the transfer for registration without the Order for Sale.
- (vi) PBHSB and Vendors A hereto further agree that all applications to the relevant authorities for the requisite consent for the sale and transfer of Land A shall be made through their own appointed agents and that Vendors A's Solicitors shall not be required to apply for the said consent on their behalf.
- (vii) The Land A SPA shall become unconditional on the date the original letter of the Consent and the sealed copy of the Order for Sale (unless waived) is delivered to PBHSB's Solicitors.
- (viii) Without prejudice to any other rights of PBHSB, in the event any money to be refunded or paid by Vendors A to PBHSB under the Land A SPA is not refunded or paid by Vendors A to PBHSB within seven (7) days from the written request thereof, without prejudice to any remedies which PBHSB may by laws entitled to, Vendors A shall be liable to pay interest to PBHSB at the rate of six per centum (6%) per annum on the said money calculated on a daily basis from the expiration of such time period until the date when such money is actually refunded or paid to PBHSB.

### **3.2.3 Vacant possession**

Vendors A shall deliver vacant possession of Land A to PBHSB within four (4) days of full payment of the Land A Purchase Consideration and Land A Interest, if any. In the event of vacant possession not being delivered to PBHSB within the said four (4) days, Vendors A shall without prejudice to any rights and remedies available to PBHSB, pay to PBHSB interest at the rate of six per centum (6%) per annum calculated on a daily basis on the Land A Purchase Consideration from the expiry of the aforesaid until actual delivery of vacant possession.

In the event for any reasons whatsoever Vendors A fails and/or neglects to deliver vacant possession upon receipt of the full payment of the Land A Purchase Consideration and Land A Interest, if any, then Vendors A hereby agree that Vendors A's Solicitors shall hold the Land A Balance Purchase Consideration and Land A Interest, if any, as stakeholders until vacant possession of the said Land A has been delivered to PBHSB.

### 3.2.4 Default by PBHSB

- (i) In the event PBHSB:
  - (a) shall fail to pay the Land A Balance Purchase Consideration or any part thereof at the times and in the manner provided in the Land A SPA or within any extended time as may be granted; or
  - (b) commits any breach of the terms and conditions contained in the Land A SPA and fails to rectify the said breach at the expiry of fourteen (14) days' notice in writing given by Vendors A to remedy such breach; or
  - (c) prior to payment of the full Land A Purchase Consideration, enters into any composition or arrangement with its creditors or shall be wound up or otherwise become insolvent;

Vendors A may annul the sale of Land A and forthwith terminate the Land A SPA.

- (ii) If Vendors A terminate the Land A SPA:
  - (a) the Vendors A shall:
    - (A) be entitled to deal with or otherwise dispose of Land A in such manner as the Vendors A shall deem fit as if the Land A SPA had not been entered into;
    - (B) Vendors A shall be entitled to forfeit the Land A Deposit as agreed liquidated damages ("**Land A Agreed Liquidated Damages**") without any prior notice;
    - (C) the residue of any monies paid by PBHSB herein shall be refunded free of interest to PBHSB's Solicitors as stakeholder and the parties hereto authorise PBHSB's Solicitors to release the refund to PBHSB after all the terms and conditions under paragraph 3.2.4(ii)(b) below are fulfilled.
  - (b) PBHSB shall at its own costs and expenses within seven (7) days from the date of termination:
    - (A) withdraw any private caveat entered by PBHSB and cause PBHSB's financier or its solicitors to withdraw any private caveat entered or to remove any encumbrances created over Land A if the same has been lodged against Land A by PBHSB and PBHSB's financier;

- (B) return or cause to be returned to Vendors A all documents forwarded to PBHSB and/or PBHSB's Solicitors under the Land A SPA provided always that if the transfer has been adjudicated and stamped, PBHSB shall be entitled to surrender the same to the relevant authorities to obtain a refund of the stamp duty paid by PBHSB and for its cancellation of the same thereafter;
- (C) re-transfer Land A to Vendors A and/or discharge the charge over Land A if the transfer and/or charge in favour of PBHSB's financier has/have been registered pursuant to the Land A SPA;
- (D) re-deliver to Vendors A vacant possession of Land A in its original state and condition if the vacant possession shall have been delivered to PBHSB; and

thereafter the Land A SPA shall become null and void and be of no further effect and neither party shall have any further claim against the other save for any antecedent breach.

### **3.2.5 Default by Vendors A**

- (i) In the event that Vendors A fail or neglect to transfer Land A to PBHSB when PBHSB has tendered the Land A Balance Purchase Consideration or fails to perform Vendors A's obligation under the Land A SPA, PBHSB shall be entitled to:
  - (a) exercise its rights to enforce specific performance of the Land A SPA; or
  - (b) terminate the Land A SPA,
- (ii) If PBHSB opts to terminate the Land A SPA:
  - (a) Vendors A shall refund all monies paid by PBHSB toward the Land A Purchase Consideration and the Land A Agreed Liquidated Damages to PBHSB's Solicitors as stakeholder within seven (7) days from the date of termination and the parties hereto authorise PBHSB's Solicitor to release the refund to PBHSB after all the terms and conditions under paragraph 3.2.5(ii)(b) below are fulfilled.
  - (b) PBHSB shall at its own costs and expenses within seven (7) days from the date of termination:
    - (A) withdraw any private caveat entered by PBHSB and cause PBHSB's financier or its solicitors to withdraw any private caveat entered or to remove any encumbrance created over Land A if the same has been lodged against Land A by PBHSB and PBHSB's financier;

- (B) return or cause to be returned to Vendors A all documents forwarded to PBHSB and/or PBHSB's Solicitors under the Land A SPA provided always that if the transfer has been adjudicated and stamped, PBHSB shall be entitled to surrender the same to the relevant authorities to obtain a refund of the stamp duty paid by PBHSB and for its cancellation of the same thereafter;
- (C) re-deliver to Vendors A vacant possession of Land A in its original state and condition if the vacant possession shall have been delivered to PBHSB; and

thereafter the Land A SPA shall become null and void and be of no further effect and neither party shall have any further claim against the other save for any antecedent breach.

### **3.3 Basis and justification for the Land A Purchase Consideration**

The Land A Purchase Consideration of RM71.5 million was arrived based on a willing-buyer willing-seller basis after taking into consideration, among others, the market value of Land A as at 1 November 2022 of RM75.0 million as ascribed by the Valuer in its valuation certificate dated 29 November 2022.

In arriving at the market value of Land A, the Valuer had adopted the comparison approach as the only method of valuation after taking into consideration that Land A is a parcel of development land without detailed planning approval and that there are adequate comparable sales in the vicinity of Land A which can be relied upon.

We are of the view that the Land A Purchase Consideration is justifiable as it represents a discount of approximately 4.7% to the market value of the land of RM75.0 million.

The valuation certificate from the Valuer on the Lands is set out in **Appendix I** of this Circular.

### **3.4 Liabilities to be assumed**

Save for the potential bank borrowings that may be incurred to fund the Land A Acquisition, our Group will not assume any liabilities including contingent liabilities and guarantees pursuant to the Land A Acquisition.

### **3.5 Additional financial commitment**

Save for the Land A Purchase Consideration and working capital requirements for the development of the Lands (including the gross development cost which ranges from RM519.9 million to RM529.6 million as further set out in Section 4 of this Circular), there are no other additional significant financial commitments to be extended by our Group in relation to Land A pursuant to the Land A Acquisition.

### **3.6 Source of funding**

The Land A Purchase Consideration is expected to be funded via a combination of internally generated funds, bank borrowings and/or equity fund raising. The exact quantum and the resultant proportion of internal funds, bank borrowings and/or equity fund raising has not been ascertained at this juncture.

In addition, the funding for the development of the Lands is expected to be financed via internally generated funds and/or bank borrowings.

#### 4. INFORMATION ON THE LANDS

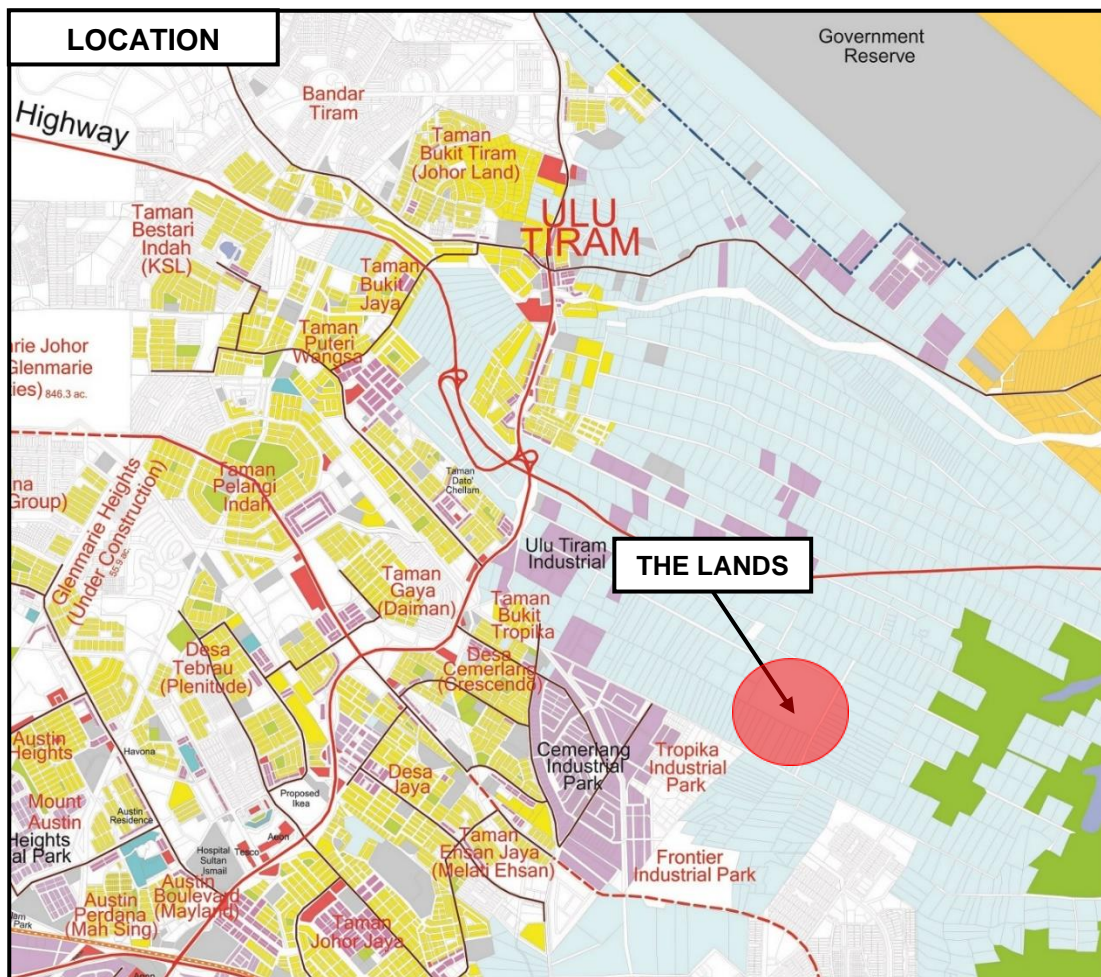
The Lands are situated in Mukim of Plentong, District of Johor Bahru, State of Johor and falls under the jurisdiction of Majlis Bandaraya Johor Bahru.

Johor Bahru and Pasir Gudang towns are located about 17 kilometres and 19 kilometres South and South-East of the Lands respectively. The Lands are also surrounded by matured industrial development within the Taman Desa Cemerlang area such as Cemerlang Industrial Park, Frontier Industrial Park, Tropika Industrial Park, CoHarves Industrial Park and Desa 88.

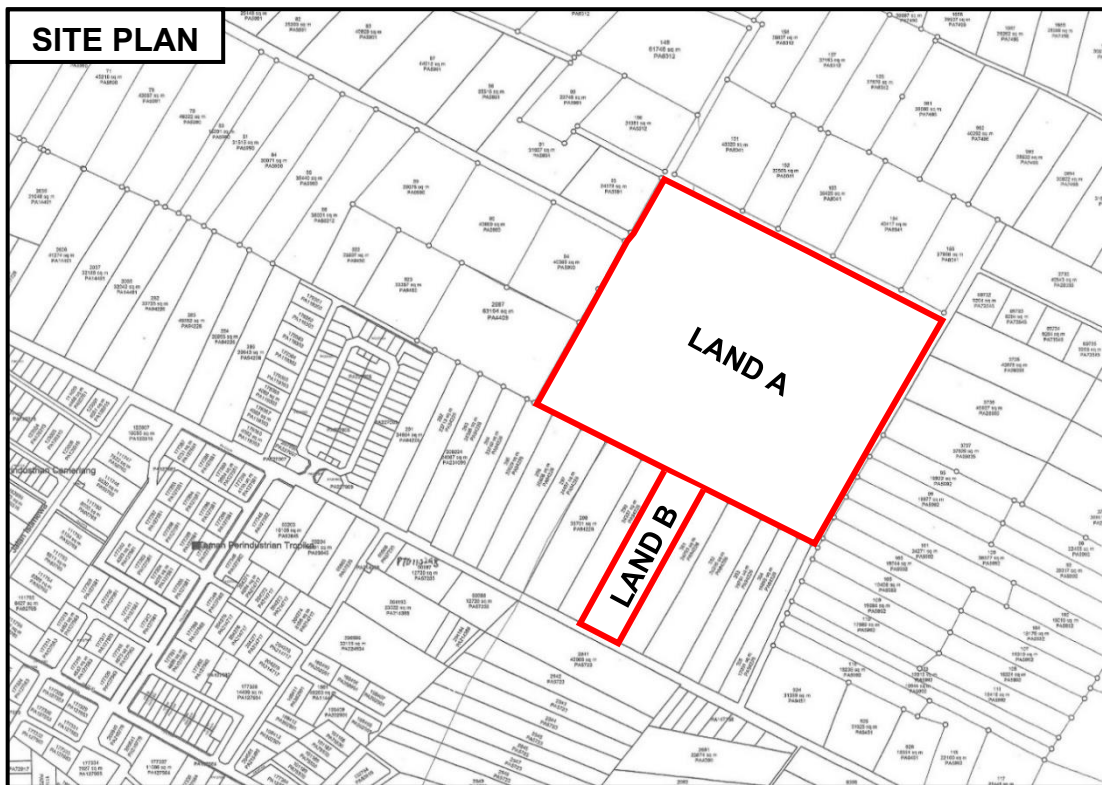
It is easily accessible from the Johor Bahru city centre via Tebrau Highway, Johor Bahru - Kota Tinggi main road, Jalan Cemerlang, Persiaran Cemerlang thence onto Jalan Indah Gemilang for about 3 kilometres before turning left onto a motorable gravelled road leading to the eastern boundary of the Lands.

Alternatively, the Lands are also accessible from the Johor Bahru city centre via the Eastern Dispersal Link (EDL), exit at the Pandan Interchange onto Johor Bahru – Kota Tinggi main road followed by the above-mentioned routes.

The map indicating the location of the Lands is set out below.



The site plan indicating the location of the Lands is set out below:



The Lands are freehold lands and are currently free from all encumbrances. The Lands are categorised for agricultural purposes. Furthermore, the Lands are currently vacant save for Land B being utilized for grass farming activities and a swiftlet house constructed at the north-eastern portion of Land B which is not in operation. However, we intend to use the Lands for property development purposes and the swiftlet house will be demolished prior to commencement of development. All grass farming activities conducted on Land B would cease upon delivery of vacant possession of Land B to PBHSB.

The development of the Lands by our Group is expected to comprise approximately 171 units of industrial properties and 1 hostel comprising of 130 units with 3 rooms per unit to accommodate up to 1,950 workers ("**Development Project**"). The Development Project is expected to commence in 2024 and is envisaged to take 8 to 10 years to complete. The estimated total gross development value of the Development Project ranges from RM652.0 million to RM686.8 million, whilst its gross development cost is expected to range from RM519.9 million to RM529.6 million. Accordingly, our Group is expected to derive an estimated gross development profit of between RM132.1 million to RM157.2 million over the duration of the Development Project.

The actual gross development profit to be recognised will depend on the actual selling price of each unit of the industrial property. The estimated range of gross development profit of between RM132.1 million to RM157.2 million was arrived at based on the indicative minimum and maximum selling prices of each unit of RM1.4 million and RM22.4 million respectively. In addition, the operation of hostel is expected to generate an estimated gross revenue of RM46.8 million in the first 10 years assuming full occupancy rate of 1,950 workers with an estimated monthly rental income of RM200 per worker.

As at the LPD, no planning permissions have been obtained from Majlis Bandaraya Johor Bahru for the Lands. Our Company has neither formalised any development plan nor appointed any professionals/experts with respect to the intended development for the Lands. Nevertheless, our Company expects to formalise the development plan for the Lands by August 2023, obtain the planning permissions by May 2024 and commence the Development Project in June 2024.

## **5. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION (TOGETHER WITH THE LAND A ACQUISITION)**

The Proposed Acquisition (together with the Land A Acquisition) represents an opportunity for our Company to accumulate strategic land for property development and/or investment purposes. The Lands are situated in a prime location with positive industrial development potential. Furthermore, the Proposed Acquisition (together with the Land A Acquisition) is coherent with our Group's objective to create greater economic value and further enhance its presence in the property market in Johor.

The sizeable Lands will fit a wider mix of products upon development. Furthermore, the Lands are easily accessible from various regions of Johor Bahru. The strategic location with good connectivity is expected to augur well for future development thus enhancing the prospects of our Group in the future.

Johor Bahru is considered one of the fastest-growing cities in Malaysia after the federal capital Kuala Lumpur. The Proposed Acquisition (together with the Land A Acquisition) would be further enhanced by the improving infrastructure and strengthening security aspects of the city that has good potential to be developed into a metropolis.

## **6. INDUSTRY OVERVIEW AND PROSPECTS OF THE LANDS**

### **6.1 Overview of the Malaysia economy**

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

All economic sectors expanded in the third quarter of 2022. The services sector strengthened further by 16.7% (2Q 2022: 12.0%), primarily supported by consumer-related subsectors. Better labour market conditions and the continued recovery in tourism provided strong impetus to retail and leisure-related activities. Policy measures such as the increase in minimum wage further supported domestic spending.

The manufacturing sector grew by 13.2% (2Q 2022: 9.2%). The E&E cluster continued to record strong growth (17.3%; 2Q 2022: 15.5%), while the primary sector expanded at a faster pace (6.0%; 2Q 2022: 1.3%) due to the resumption of operations at an existing oil refinery that was previously under maintenance. The consumer cluster registered double digit growth, lifted by the ramp up of production in the motor vehicle and transport equipment segment to meet the high backlog in orders.

The construction sector recorded a higher growth of 15.3% (2Q 2022: 2.4%) as all subsectors recorded improvements in activities. Commercial real estate, mixed-development and small-scale projects continued to support activities in the non-residential and special trade subsectors.

Commodities-related sectors rebounded. Growth in the mining sector rose to 9.2% (2Q 2022: -0.5%), attributed mainly to higher oil and gas output, including from the Pegaga gas field in Block SK320, Sarawak, as well as Block PM302, Terengganu. Growth was also partly contributed by base effects arising from maintenance-related closures in the same period last year. The agriculture sector grew by 1.2% (2Q 2022: -2.4%), driven mainly by higher oil palm output amid gradual receding of labour shortages and improved yields following higher rainfall earlier in the year.

During the quarter, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure.

Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia also spurred consumer spending.

Public consumption expanded at a faster pace of 4.5% (2Q 2022: 2.6%), attributable to higher growth in spending on supplies and services.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), rose to 4.5% during the quarter (2Q 2022: 2.8%). As expected, the increase was largely driven by the base effect from the discount on electricity bills implemented in the third quarter of 2021, as well as sustained increases in core and price-volatile inflation. The inflationary pressures reflected the confluence of stronger demand conditions and elevated cost pressures, particularly for food-related items.

Core inflation rose to 3.7% (2Q 2022: 2.5%) attributable to continued strengthening in demand in a high-cost environment. The increase was predominantly driven by food away from home (3Q 2022: 8.2%; 2Q 2022: 5.3%) and higher rental inflation (3Q 2022: 1.4%; 2Q 2022: 0.9%). Prices for other discretionary services, such as cultural services and restaurants and hotels, also rose. Price pressures remained pervasive throughout the quarter. The share of CPI items recording monthly price increases trended lower but remained high at 58.1% (2Q 2022: 63.2%; 2011-2019 average: 45.6%).

Labour market conditions improved further in the third quarter of 2022, with the unemployment and underemployment rates declining to 3.7% and 1.1% of the labour force, respectively (2Q 2022: 3.9% and 1.3%, respectively). This was supported by strong employment gains, amid an increasing number of workers entering the labour force. The labour force participation rate continued to improve, increasing to 69.4% of the working-age population, above the pre-pandemic level (2Q 2022 69.2%; 4Q 2019: 68.5%). Data on jobless claims and new job placements from the Employment Insurance System (EIS) also showed hiring was sustained amid lower retrenchments during the quarter.

Private sector wages also continued to improve in the third quarter of 2022, supported by the strong pace of economic expansion. In terms of momentum, on a quarter-on-quarter seasonally adjusted basis, wage growth moderated closer to pre-crisis averages (1.1%; 2Q 2022: 2.1%; 2015-2019 avg.: 1.4%). Wage growth was driven by broad-based improvements across both the services and manufacturing sectors.

Gross exports advanced by 38.3% (2Q 2022: 29.9%), reflecting a broad-based expansion across products, supported by external demand and high commodity prices. Manufactured exports expanded by 36.8% (2Q 2022: 26.0%), driven by both E&E (41.4%, 2Q 2022: 37.6%) and non-E&E exports (33.4%, 2Q 2022: 18.1%).

Meanwhile, gross imports grew by 46.5% (2Q 2022: 36.0%), driven by higher intermediate imports (40.8%, 2Q 2022: 36.1%). This was amid firms' continued effort to build up inventory buffers to mitigate the impact of supply chain disruption and strong expansion in domestic demand. The trade surplus widened to RM64.3 billion (2Q 2022: RM58.0 billion).

*(Source: Quarterly Bulletin, Third Quarter 2022, Bank Negara Malaysia)*

## 6.2 Overview of the Malaysian property market

The Malaysian economy expanded by 8.9% in Q2 2022 (Q1 2022: 5.0%) against a low base recorded in June 2021 and robust growth in April and May this year. Domestic demand continued to strengthen, supported by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and the reopening of international borders. Exports remain supported by strong demand for E&E products. On a similar track to the country's economic growth, the property market recorded more transactions in the first half of 2022 (H1 2022) as compared to the same period last year (H1 2021).

Several initiatives outlined under Budget 2022 by the government to a certain extent helped improve property market activities. These are: (i) RM1.5 billion allocation for low-income groups housing projects i.e. rumah mesra rakyat and maintenance assistance programmes; (ii) Lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies; and (iii) Guarantees of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan (SJKP) in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

In relation to these initiatives, the Ministry of Housing and Local Government launched the Home Ownership Programme (HOPE) with primary focus on providing home to those in the B40 and M40 income groups. The residential property financing initiative known as i-Biaya, which provide financing through the Housing Credit Guarantee Scheme, My First Home Scheme, and the new Rent-to-Own (RTO) scheme for those who have difficulty obtaining housing loans. Besides, the government also introduced the Keluarga Malaysia Home Ownership Initiative known as i-Miliki which provide full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers of properties priced RM500,000 and below while 50% exemption for homes priced above RM500,000 to RM1 million. This exemption is for sale and purchase completed from June 1, 2022 till 31 December 2023.

The Overnight Policy Rate (OPR) was increased gradually from the lowest level of 1.75% since July 2020 by 25 basis points each in May, July and September 2022 to 2.50%. The Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to further adjust the degree of monetary accommodation amid positive growth prospects for the Malaysian economy and to reduce inflationary pressures due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions. The current level of borrowing rate is seen as relatively accommodating compared to the pre-pandemic rate at 3.00% in 2019.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2022 increased 4.2% and 10.9% respectively. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, increased by 11.8% and 50.6% respectively. The percentage of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 37.5% and 46.3% in H1 2022.

*(Source: Property Market Report First Half 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)*

The construction sector plays a significant role to Malaysia's economy particularly through its linkages to other sectors of the economy. In view of this, the Government prioritises construction sector through various initiatives for the sector to recover from the impact of economic crises. The issues and challenges addressed by the sector thus far, have strengthened the sector to be more resilient. The adoption of automation, digitalization and Environmental, Social, and Governance (ESG) policies as well as creating relevant skills and expertise would transform the sector to keep abreast with emerging demands in the economy. Thus, the importance of boosting the sector's development and growth will not only contribute to the gross domestic product, but also gear the industrial players to become major global competitors.

*(Source: Economic Outlook 2023, Ministry of Finance Malaysia)*

### **6.3 Overview of the construction industry in Malaysia**

The value of construction work done in the third quarter 2022 surged 23.2 per cent (Q2 2022: 6.1%) as compared to the same quarter of 2021, amounting to RM30.5 billion (Q2 2022: RM29.9 billion). The expansion was driven by Non-residential buildings (37.7%), Special trades activities (32.2%), Residential buildings (17.8%) and Civil engineering (14.6%) subsectors.

In the third quarter of 2022, the Civil engineering remained as the main contributor to the value of construction work done with a share of 37.9 per cent, followed by Non-residential buildings (30.4%), Residential buildings (22.3%) and Special trades activities (9.4%).

The value of work done owned by private sector stood at RM18.0 billion, soared 31.8 per cent (Q2 2022: 14.8%) which contributed a share of 59.0 per cent. Meanwhile, the value of work done owned by public sector increased 12.6 per cent (Q2 2022: -4.0%).

Selangor recorded the highest value of construction work done at RM6.9 billion, followed by Wilayah Persekutuan (RM5.3 billion) and Sarawak (RM3.6 billion) which collectively contributed 51.9 per cent or RM15.8 billion.

The construction work done for the sum of three quarters of 2022 registered a value of RM89.9 billion, posted an increase of 6.6 per cent as compared to the same period of 2021 (3Qs 2021: -2.1%).

*(Source: Quarterly Construction Statistics, Third Quarter 2022, Department of Statistics Malaysia)*

### **6.4 Overview of the property market in Johor**

The Southern Region property market performance registered 40,500 transactions worth RM17.81 billion, increased by 32.7% and 36.1% in volume and value respectively as compared to H1 2021. Property market performance in Johor increased by 30.7%. Johor dominated the region's overall property transaction with 54.7% in volume (22,148 transactions) and 62.8% in value (RM11.2 billion) of the total transactions.

Residential property was the main sub-sector for the region. There were 24,727 transactions worth RM8.88 billion, increase by 24.0% in volume and 33.1% in value against H1 2021. All states recorded increasing volume and value of transactions. Transaction volume in Johor increased by 20.2%. In terms of transaction value, all states showed upward trend and Johor increased by 25.7%.

The commercial property in the Southern Region recorded 3,484 transactions worth RM2.64 billion, increased by 64.7% in volume and 37.2% in value against H1 2021. Transaction volume in Johor increased by 61.9%. In terms of value, Johor showed an increase of 47.4% compared H1 2020.

The performance of the industrial property market recorded an increase of 51.0% in the number of transactions (H1 2021: 681 transactions) and 114.0% in value (H1 2021: RM1.3 billion). Nevertheless, Johor leads in industrial market activity with 529 transactions (51.5% of the total transactions in the region). In terms of transactions value, all the states showed upward trend and Johor showed the highest increase of 135.8%. Southern Region showed a positive industrial property market situation as there was a reduction in the number of unsold units. Unsold under construction in Johor showed a decrease by 27.6%.

*(Source: Southern Region Property Market Report First Half 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)*

## **6.5 Prospects of the Lands**

Our Board is of the view that the Proposed Acquisition and Land A Acquisition would provide our Group with opportunities to create greater economic value and increase the earnings potential of our Group over the medium to long term as the Lands have promising development potential. The Lands are strategically located at the central of Johor Bahru and surrounded with different types of industrial properties.

Hence, it is the intention of our Board to develop the Lands into a well-conceptualised industrial area. Our Board is of the view that the Proposed Acquisition and Land A Acquisition will contribute to the continued growth and is expected to enhance the future revenue stream as well as contribute positively to the future earnings of our Group. As at the LPD, our Group has approximately 84.05 acres of land bank for development. Upon completion of the Proposed Acquisition and Land A Acquisition, our Group's land bank is expected to increase to 198.30 acres.

## **7. RISK FACTORS**

### **7.1 Completion risk**

The completion of the Proposed Acquisition is conditional upon the fulfilment of the condition precedent in the Land B SPA as set out in Section 2.2.2(i) of this Circular. There can be no assurance that the fulfilment of the condition precedent in the Land B SPA will be satisfied or obtained as the case may be, within the stipulated timeframe or that any of the termination events will not occur. Any delay in the fulfilment of the conditions precedent in the Land B SPA may lead to a delay in the completion and/or termination of the Proposed Acquisition. In turn, the PGB Group will not be able to achieve the intended benefits of the Proposed Acquisition.

To mitigate such risk, our Group will take reasonable steps to ensure that every effort is made to comply fully with the terms and conditions of the Land B SPA in relation to PBHSB's obligations.

### **7.2 Property development risk**

The acquisition and the subsequent development of the Lands will expose PBHSB to the risk inherent to the property development business which includes, but is not limited to, the following:

- (i) authority's approval for the development order being obtained;
- (ii) regulations on property development;
- (iii) market demand and competition from the supply of industrial properties in the surrounding areas of the Lands;
- (iv) changing demands for the type of industrial properties;

- (v) fluctuation in material prices and labour costs;
- (vi) changes in federal and state policies with regards to property development; and
- (vii) overall economic conditions which may have an impact on the purchasing power and buying sentiments of property buyers.

Nevertheless, our Group will minimise the property development risks through leveraging on its past experience and expertise by adopting prudent risk management and monitoring of development strategy.

### **7.3 Investment risk**

Upon completion of the Proposed Acquisition, our Company will be subject to inherent risks associated with property investment such as general economic downturn of the global and/or the Malaysian economy.

The market value of the Lands may either appreciate or depreciate depending on factors such as the property market, economic, political and regulatory conditions in the country.

### **7.4 Financing risk**

The Proposed Acquisition may be financed through a combination of bank borrowings, internally generated funds and equity/debt fund raising exercises. In the event our Group obtains bank borrowings for the funding of the Proposed Acquisition, our Group may be required to incur additional interest expense arising from such additional bank borrowings. Taking into consideration that the interest expense charged on bank borrowings are subject to prevailing interest rate that are dependent on various factors, which include general economic and capital market conditions, our Group may potentially be exposed to interest rate fluctuation which may affect our Group's cash flows as well as profitability. In addition, any utilisation of internally generated funds may result in a reduction of our Group's working capital, which may have an adverse effect on the cash flow position of our Group. Nevertheless, there is no assurance that our Group will be able to secure or obtain necessary funding required for the Proposed Acquisition in accordance with the payment milestones stipulated in the Land B SPA.

### **7.5 Compulsory acquisition risk**

Under the Land Acquisition Act 1960, the relevant state authority has the power to compulsorily acquire any land in Malaysia for certain purposes. In the event of any compulsory acquisition of property, the amount of compensation to be awarded is based on the fair market value of such property which is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. If any part of the Lands is compulsorily acquired by the relevant state authority at a point in time when the fair market value of the Lands have decreased, the level of compensation payable to our Company may be less than the Land B Purchase Consideration. This may have an adverse effect on the financial position of our Company. However, the risk of compulsory acquisition of the Lands is mitigated by the fact that presently, the Lands are not subject to any compulsory acquisition notifications issued.

## **7.6 Political, economic, market and regulatory risks**

Any adverse changes in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of our Group despite our Group taking necessary measures, including but not limited to, keeping abreast with local policies and laws as well as seeking professional legal advice prior to committing to new projects.

Any change in the political situation and/or government policies in Malaysia may also affect the business of our Group. Political or regulatory changes such as introduction of new laws and regulations which impose and/or increase restrictions on imports, imposition of capital controls, changes in interest rates or taxes, changes in political state, fiscal and monetary policies will impact our Group's business, financial condition, results of operations and prospects.

Our Group will monitor the key development in the abovementioned political, economic and regulatory conditions and take measures to mitigate such risks by reviewing our Group's business strategies in relation to the changes in political, economic and regulatory conditions.

## **7.7 Acquisition risk**

Our Board believes that any acquisition risk associated to the Proposed Acquisition is to a great degree mitigated by our Group's expertise and experience acquired over the years and its familiarity with the property development and construction industry. Appropriate measures are expected to be undertaken by our Group for the Proposed Acquisition.

## **7.8 Performance of the property market**

The property development and construction business is highly dependent on the supply and demand factors which are predominantly affected by the prevailing economic conditions, competition with other property developers and government regulations. Any adverse developments affecting the property market such as the decrease in demand in properties and a drop in the property rental market may have an adverse impact on the business operations and cash flow of our Group. Furthermore, there may be a possibility of the occurrence of property overhang at the time of completion of the Proposed Acquisition and/or our Group's future property development project (if any). This will affect the sale of our Group's future development and as a consequence affect our Group's future financial performance.

Our Group will take proactive measures to remain competitive in the property development and construction industry through active monitoring of the market conditions of the property market in Malaysia. Nevertheless, there is no assurance that such risk will not have any adverse impact on our Group's future property development business and its financial performance.

## 8. EFFECTS OF THE PROPOSED ACQUISITION

### 8.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital of our Company and the shareholdings of our substantial shareholders unless our Company undertakes equity fund raising to fund the Land B Balance Purchase Consideration. The exact quantum and the resultant proportion of internal funds, bank borrowings and/or equity fund raising has not been ascertained at this juncture.

### 8.2 Earnings and EPS

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 March 2023 as the Development Project is expected to commence in 2024. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of our Company when the Lands are developed.

### 8.3 Convertible securities

As at the LPD, our Company does not have any other convertible securities in issue.

### 8.4 NA per Share and gearing

The Proposed Acquisition will not have any effect on the NA per Share unless our Company undertakes equity fund raising to fund the Land B Balance Purchase Consideration.

The Land B Purchase Consideration is to be satisfied via internally generated funds, bank borrowings and/or equity fund raising. The exact quantum and the resultant proportion of internally generated funds, bank borrowings and/or equity fund raising has not been ascertained at this juncture. However, for illustrative purposes, assuming that the Land B Purchase Consideration is fully financed via bank borrowings, the effect of the Proposed Acquisition on the gearing of our Group are as follows:

|                        | (I)                                    |   |   |
|------------------------|--|---|---|
|                        | <b>Audited as at<br/>31 March 2022</b> | <b>After the Land<br/>A Acquisition</b> | <b>After (I) and the<br/>Proposed Acquisition</b> |
|                        | <b>RM'000</b>                          | <b>RM'000</b>                           | <b>RM'000</b>                                     |
| Shareholders' funds/NA | 295,379                                | 295,379                                 | 295,379   |
| Total borrowings       | -                                      | *71,500                                 | *81,018   |
| Gearing (times)        | -                                      | 0.242                                   | 0.274   |

**Note:**

\* Assuming the Land A Acquisition and Proposed Acquisition are fully funded via bank borrowings.

## **9. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Land A Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 24.2%, computed based on the Land A Purchase Consideration compared to the audited consolidated NA of our Company for the FYE 31 March 2022.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 3.2%, computed based on the Land B Purchase Consideration compared to the audited consolidated NA of our Company for the FYE 31 March 2022.

Taking into consideration Paragraph 10.12 and Practice Note 14 of the Listing Requirements on the Aggregation of Transactions, the Proposed Acquisition and the Land A Acquisition will be aggregated for the purposes of the computation of percentage ratios. The highest aggregate percentage ratio applicable to the Land A Acquisition and Proposed Acquisition is 27.4%.

## **10. APPROVALS REQUIRED AND CONDITIONALITY**

The Proposed Acquisition is subject to approvals being obtained from the following:

- (i) our shareholders at the forthcoming EGM; and
- (ii) any other relevant authorities (if required).

The Proposed Acquisition is not conditional upon any other corporate exercise/scheme of our Company.

The Land A Acquisition is subject to the approval of the Estate Land Board for the Consent and High Court of Malaysia for the Order for Sale but is not subject to the approval of our shareholders.

## **11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of our directors and/or major shareholders as well as persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

## **12. DIRECTORS' STATEMENT**

Our Board, having considered all aspects of the Proposed Acquisition including but not limited to the rationale and benefits of the Proposed Acquisition, the salient terms of the Land B SPA, the prospects of the Lands as well as the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

## **13. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION**

Save for the Land A Acquisition and the Proposed Acquisition, there is no other corporate exercise/scheme which have been announced by our Company but yet to be completed as at the LPD.

#### 14. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to the required approvals being obtained, the Proposed Acquisition is expected to be completed by the 2<sup>nd</sup> quarter of 2023.

The tentative timeline for the Proposed Acquisition is as follows:

| <b>Tentative timeline</b> | <b>Event</b>                           |
|---------------------------|--|
| 28 February 2023          | EGM                                    |
| Early May 2023            | Completion of the Proposed Acquisition |

#### 15. EGM

The EGM, a notice of which is enclosed in this Circular, will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 28 February 2023 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing, with or without modification, the resolution to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the office of our share registrar, Tricor Investor & Issuing House Services Sdn Bhd at 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, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiah.online> not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Please follow the procedures at set out in the Administrative Guide for the EGM for electronic lodgement of proxy form.

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

#### 16. FURTHER INFORMATION

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

Yours faithfully,  
For and on behalf of  
**PARAGON GLOBE BERHAD**

**DATO' SRI EDWIN TAN PEI SENG**  
Executive Chairman

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS**

---

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS** *(Cont'd)*

---

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS** *(Cont'd)*

---

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS** *(Cont'd)*

---

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS** *(Cont'd)*

---

**VALUATION CERTIFICATE FROM THE VALUER ON THE LANDS** *(Cont'd)*

---

## FURTHER INFORMATION

---

### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making 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. CONSENTS AND CONFLICT OF INTEREST

#### 2.1 SJ Securities

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

SJ Securities confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist which would give rise to a conflict of interest situation in its capacity as Principal Adviser for the Proposed Acquisition.

#### 2.2 CBRE WTW

CBRE WTW, being the independent valuer for the Lands, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letters and all references thereto in the form and context in which they appear in this Circular.

CBRE WTW confirms that as at the LPD, it is not aware of any circumstances that exists or is likely to exist which would give rise to a conflict of interest situation in its capacity as the independent valuer for the Lands.

### 3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

#### 3.1 Material commitments

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which may have a material impact on the profits and NA of our Group:

| <b>Capital commitments</b>              |  | <b>RM'000</b>  |
|---|--|----------------|
| <b>Contracted but not provided for:</b> |  |                |
| (i)                                     | Capital expenditure in respect of investment property under construction | 92,942         |
| (ii)                                    | Commitment in respect of purchase of lands held for property development | 98,621         |
| <b>Total</b>                            |  | <b>191,563</b> |

**FURTHER INFORMATION (Cont'd)**

---

**3.2 Contingent liabilities**

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits and NA of our Group:

| <u>Contingent liabilities</u>         | <u>RM'000</u> |
|---------------------------------------|---------------|
| <b>Secured:</b>                       |               |
| Bank guarantee given to third parties | 135           |

**4. MATERIAL LITIGATIONS, CLAIMS OR ARBITRATION**

As at the LPD, our Board is not aware of any material litigation, claims or arbitration involving the Lands, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, involving the Lands or any part thereof.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are made available for inspection at our registered office at Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) our Company's constitution;
- (ii) our Company's audited consolidated financial statements for the past two (2) FYEs 31 March 2021 and 31 March 2022, and our Company's latest unaudited consolidated results for the 6-month financial period ended 30 September 2022;
- (iii) Land A SPA and Land B SPA;
- (iv) Valuation Reports and valuation certificate referred to in **Appendix I** of this Circular; and
- (v) letters of consent referred to in Section 2 of this Appendix.



## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Paragon Globe Berhad (“**PGB**” or the “**Company**”) will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 28 February 2023 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, to pass, with or without modifications, the following resolution:

### **ORDINARY RESOLUTION**

**PROPOSED ACQUISITION BY PARAGON BUSINESS HUB SDN BHD (“PBHSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ONE (1) PARCEL OF FREEHOLD LAND HELD UNDER GM 699 LOT 300 OF MUKIM PLENTONG, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR FOR A PURCHASE CONSIDERATION OF RM9.518 MILLION TO BE SATISFIED IN CASH (“PROPOSED ACQUISITION”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given to PBHSB to acquire from Tan Kim Yan one (1) parcel of freehold land held under GM 699 Lot 300 of Mukim Plentong, District of Johor Bahru, State of Johor for a purchase consideration of RM9.518 million, upon such terms and conditions set out in the conditional sale and purchase agreement dated 30 November 2022 between PBHSB and Tan Kim Yan (“**Land B SPA**”).

**AND THAT** the Board of Directors of PGB (“**Board**”) be and are hereby authorised and empowered to take all such steps and to enter into all deeds, agreements, arrangements, undertakings, transfers and indemnities as the Board deems fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to this ordinary resolution and the terms and conditions of the Land B SPA with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities and/or as the Board deems fit, appropriate and in the best interest of PBHSB and the Company.”

### **BY ORDER OF THE BOARD**

**LEONG SIEW FOONG (MAICSA 7007572)**

Company Secretary

Johor Bahru  
10 February 2023

**Notes:**

- (1) *A member entitled to attend or vote at the EGM is entitled to appoint a proxy or proxies to attend or vote at the EGM. Each member entitled to vote may vote in person or by proxy or by attorney or in case of a corporation, to appoint a duly authorised representative to attend or vote in his/ her place.*
- (2) *Where a member entitled to vote on a resolution has appointed more than one (1) proxy, the proxies shall only be entitled to vote on poll provided that the member specifies the proportion of his shareholdings to be represented by each proxy.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
- (4) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (5) *Every member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend or vote instead of him at the meeting of members and that such proxy need not be a member.*
- (6) *The Proxy Form shall be deposited with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd at 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, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the EGM for electronic lodgement of proxy form.*
- (7) *For the purpose of determining who shall be entitled to attend and vote at the EGM, the Company shall be requesting the Record of Depositors as at 21 February 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend and vote at this meeting and appoint proxy(ies).*

## PROXY FORM

I/We \_\_\_\_\_ NRIC/Passport No: \_\_\_\_\_  
of \_\_\_\_\_ Telephone No: \_\_\_\_\_  
being a member/members of PARAGON GLOBE BERHAD hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC/Passport No: \_\_\_\_\_  
of \_\_\_\_\_  
#and/#or failing him/her \_\_\_\_\_ NRIC/Passport No: \_\_\_\_\_  
of \_\_\_\_\_

or failing #him/#her, the CHAIRMAN OF THE MEETING as my/our proxy(ies) to vote for me/us and on my/our behalf at the EGM of the Company at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 28 February 2023 at 10.00 a.m. or at any adjournment thereof.

# *Delete if not applicable*

My/Our proxy(ies) is/are to vote as indicated below:

| ORDINARY RESOLUTION  | FOR | AGAINST |
|----------------------|-----|---------|
| PROPOSED ACQUISITION |     |         |

(Please indicate with an "X" in the spaces provided as to how you wish your votes to be cast. If you do not do so, your proxy will vote or abstain from voting at his/her discretion.)

The proportion(s) of my/our holding to be represented by my/our proxies is/are as follows:

|              |             |
|--------------|-------------|
|              | %           |
| First Proxy  | %           |
| Second Proxy | %           |
| <b>TOTAL</b> | <b>100%</b> |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
**Signature**

### Notes:

- (1) A member entitled to attend or vote at the EGM is entitled to appoint a proxy or proxies to attend or vote at the EGM. Each member entitled to vote may vote in person or by proxy or by attorney or in case of a corporation, to appoint a duly authorised representative to attend or vote in his/ her place.
- (2) Where a member entitled to vote on a resolution has appointed more than one (1) proxy, the proxies shall only be entitled to vote on poll provided that the member specifies the proportion of his shareholdings to be represented by each proxy.
- (3) The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
- (4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (5) Every member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend or vote instead of him at the meeting of members and that such proxy need not be a member.
- (6) The Proxy Form shall be deposited with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd at 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, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the EGM for electronic lodgement of proxy form.
- (7) For the purpose of determining who shall be entitled to attend and vote at the EGM, the Company shall be requesting the Record of Depositors as at 21 February 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend and vote at this meeting and appoint proxy(ies).

*Fold this flap for sealing*

*Then fold Here*

AFFIX STAMP

The Share Registrar  
**PARAGON GLOBE BERHAD**  
(Company No. 194801000095 (1713-A))  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi, 59200 Wilayah Persekutuan  
Kuala Lumpur

*1<sup>st</sup> fold Here*



**ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)**

Day and Date : Tuesday, 28 February 2023  
Time : 10.00 a.m.  
Venue : Level 2, Grand Paragon Hotel  
No. 18, Jalan Harimau  
Taman Century  
80250 Johor Bahru  
Johor, Malaysia

---

**SAFETY MEASURES IN LIGHT OF CORONAVIRUS DISEASE 2019 (“COVID-19”) OUTBREAK**

The health and safety of the attendees at the EGM of Paragon Globe Berhad (“**Company**”) is our main priority. Hence, the following precautionary measures will be taken for the conduct of the EGM:

1. Shareholders or proxies who are feeling unwell or have been placed on quarantine orders or home surveillance orders or have come into close contact with someone with suspected or confirmed COVID-19, are advised to refrain from attending the EGM in person.
2. To attend the EGM, a person is required:
  - (i) To be fully vaccinated (as defined in the standard operating procedures of National Recovery Plan published on the website of Malaysian National Security Council).
  - (ii) Have not tested positive for COVID-19 for 7 days prior to EGM.
  - (iii) To be asymptomatic.
  - (iv) All shareholders/proxies/corporate representatives to wear face masks throughout the event.
3. Shareholders/proxies/corporate representative are encouraged to keep abreast with the latest news released by the authority regarding travelling, self-quarantine and other health and safety precautions from time to time.
4. Shareholders/proxies/corporate representatives are advised to check the Company’s website at <https://pgbgroupp.com.my/> and Bursa’s announcement(s) from time to time for any changes to the EGM arrangement.

## **REGISTRATION**

The registration counter will be open at 9.00 a.m. on Tuesday, 28 February 2023. Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non-Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter.

Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person. Upon verification, shareholders or proxies are required to write their names and sign on the Attendance List placed on the registration table. Shareholders or proxies will also be given the voting slip for voting purposes.

## **PROXY**

The appointment of proxy may be made in hard copy form or by electronic form. In case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at 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, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or electronic lodgment via TIIH Online at <https://tiih.online> not later than Sunday, 26 February 2023 at 10.00 a.m..

You may also submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online>, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid. Please do read and follow the procedures below to submit Form of Proxy electronically.

## **ELECTRONIC LODGMENT OF FORM OF PROXY**

The procedures to lodge your Form of Proxy electronically via Tricor's TIIH Online website are summarised below:

| <b>Procedure</b>                            | <b>Action</b>  |
|---|--|
| <b>i. Steps for Individual Shareholders</b> |  |
| Register as a User with TIIH Online         | <ul style="list-style-type: none"><li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li><li>If you are already a user with TIIH Online, you are not required to register again.</li></ul>  |
| Proceed with submission of form of proxy    | <ul style="list-style-type: none"><li>After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password.</li><li>Select the corporate event: <b>PARAGON GLOBE BERHAD EGM 2023 - SUBMISSION OF FORM OF PROXY</b>".</li><li>Read and agree to the Terms and Conditions and confirm the Declaration.</li><li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li><li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li></ul> |

**ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (Cont'd)**

| Procedure  | Action   |
|--|--|
|  | <ul style="list-style-type: none"> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the form of proxy for your record.</li> </ul>  |
| <b>ii. Steps for Corporate or Institutional Shareholders</b> |  |
| Register as a User with TIIH Online                          | <ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p> |
| Proceed with submission of form of proxy                     | <ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate event: <b>“PARAGON GLOBE BERHAD EGM 2023 – SUBMISSION OF FORM OF PROXY”</b></li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Login to TIIH Online, select corporate event: <b>“PARAGON GLOBE BERHAD EGM 2023 – SUBMISSION OF FORM OF PROXY”</b>.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select “Submit” to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>   |

**GENERAL MEETING RECORD OF DEPOSITORS**

For the purpose determining who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at **21 February 2023** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

**POLL VOTING**

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process.

Shareholders/proxies/corporate representatives/attorneys can proceed to vote on the resolutions at any time from the commencement of the EGM at 10.00 a.m. on 28 February 2023 but before the end of the voting session which will be announced by the Chairman of the meeting.

Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

**NO DOOR GIFT/FOOD VOUCHER**

There will be no distribution of door gifts or food vouchers for the EGM.

**NO RECORDING OR PHOTOGRAPHY**

No recording or photography of the EGM proceedings is allowed without prior written permission of the Company.

**PERSONAL BELONGINGS**

Please take care of your personal belongings. The Company will not be held responsible for any item that has gone missing resulted in any monetary losses.

**ENQUIRY**

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

| <b>Tricor Investor &amp; Issuing House Services Sdn Bhd</b> |  |  |
|---|--|--|
| Telephone Number  | General Line   | 603-2783 9299  |
| Contact Person  | Ms Nor Faeayzah  | 603-2783 9274<br>Nor.Faeayzah@my.tricorglobal.com    |
|   | Mr Nur Shafikah  | 603-2783 9293<br>Nur.Shafikah@my.tricorglobal.com    |
|   | Mr Ashvinder Singh   | 603-2783 7962<br>Ashvinder.Singh@my.tricorglobal.com |
| Fax Number  | 603-2783 9222  |  |
| Email   | <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a> |  |