

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**PARAGON GLOBE BERHAD**

**百 丽 环 球**

194801000095 (1713-A)

*(Incorporated in Malaysia)*

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY  
TRANSACTIONS AND PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the Annual General Meeting (AGM) of the Company. The AGM will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Wednesday, 30 August 2023 at 10.00 a.m., or at any adjournment thereof. The Notice of AGM together with the Form of Proxy, are set out in the Annual Report 2023 of the Company which are published at the Company's website at [www.pgbgroup.com.my](http://www.pgbgroup.com.my) or Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

A member of Paragon Globe Berhad entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, vote and speak on his/her behalf. The Proxy Form shall be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit proxy appointment electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof or no later than Monday, 28 August 2023 at 10.00 a.m. Please follow the procedures as set out in the Administrative Guide for the 76<sup>th</sup> AGM for the electronic lodgement of Proxy Form. The lodging of the Form of Proxy will not preclude you from participating and voting at the AGM should you subsequently decide to do so.

Date and time of the AGM	: Wednesday, 30 August 2023 at 10.00 a.m or at any adjournment thereof
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Last date and time for lodging the Form of Proxy	: Monday, 28 August 2023 at 10.00 a.m
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This Circular is dated 31 July 2023

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## DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of Paragon Globe Berhad
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	This Circular to the shareholders of PGB in relation to the proposal dated 31 July 2023
CMSA	:	Capital Market Securities Act 2007
Dato' Sri Edwin Tan	:	Dato' Sri Edwin Tan Pei Seng, Executive Chairman of our Company
Dato' Sri Godwin Tan	:	Dato' Sri Godwin Tan Pei Poh, Group Executive Director of our Company
Director(s)	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of our Company, its subsidiaries or holding company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and Pactice Notes issued thereunder including any amendments thereto that may be made from time to time
LPD	:	3 July 2023, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in our Company and the number or the aggregate of those shares, is:  (a) 10% or more of the total number of voting shares in the corporation; or  (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

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

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## DEFINITIONS *(Cont'd)*

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PGB or the Company	:	Paragon Globe Berhad (Registration No. 194801000095 (1713-A))
PGB Group or the Group	:	Paragon Globe Berhad and our subsidiaries, collectively
Person	:	Includes a body of persons, corporate or unincorporated (including a trust).
Person(s) Connected	:	In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:  (a) a family member of the said Person;  (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;  (c) a partner of the said Person;  (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;  (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;  (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or  (g) a body corporate which is a related corporation of the said Person.
Proposed Shareholders’ Mandate/Proposal	:	Proposed renewal of shareholders’ mandate for existing Recurrent Related Party Transactions and Proposed shareholders’ mandate for new Recurrent Related Party Transactions to be entered into by our Group from the date of the forthcoming 76 <sup>th</sup> AGM to the next AGM
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director or Major Shareholder of the Company
Related Party Transaction(s) (RPT)	:	Transaction(s) entered into by PGB and its subsidiaries which involve(s) the interest, direct or indirect, of the Related Party(ies) of our Company

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**DEFINITIONS** *(Cont'd)*

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Recurrent Related Party Transaction(s) (RRPT) : Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature that are necessary for the day-to-day operations and are in the ordinary course of business of our Group

RM and sen : Ringgit Malaysia and sen respectively

Shareholders' Mandate : Shareholders' Mandate for the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with Related Party in the ordinary course of business which are necessary for the day-to-day operations of the Group

All references to "you" or "Shareholder" in this Circular are to the shareholders of 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 shall, where applicable, include the feminine and/or neuter gender, and vice versa.

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

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

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

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**PARAGON GLOBE BERHAD**

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194801000095 (1713-A)

*(Incorporated in Malaysia)*

Registered Office:  
Level 10-02, Grand Paragon Hotel,  
No. 18, Jalan Harimau,  
Taman Century,  
80250 Johor Bahru,  
Johor Darul Takzim

31 July 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 RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

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#### **1. INTRODUCTION**

We had on 12 September 2022, obtained shareholders' mandate for our Group to enter into Recurrent Related Party Transactions on terms that are not more favourable to the Related Parties than those generally available to the public. The authority conferred by the existing shareholders' mandate shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming 76<sup>th</sup> AGM of our Company unless authority for its renewal is obtained from our shareholders at the forthcoming AGM of our Company.

In relation thereto, the Company has on 20 July 2023, announced its intention to seek approval from shareholders for the Company and/or its subsidiaries for the Proposed Shareholders' Mandate at the forthcoming AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at our forthcoming 76<sup>th</sup> AGM of the Company. The Notice of the 76<sup>th</sup> AGM together with the Form of Proxy are enclosed in the 2023 Annual Report.

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

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 Introduction**

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

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

- (e) The listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

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

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

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

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall take effect from and including 30 August 2023, being the date of the forthcoming 76th AGM, and shall continue to be in force until:

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

whichever is the earlier.

We are required to disclose the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate in our 2023 Annual Report. In making such disclosure, we will provide a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year pursuant to the Proposed Shareholders' Mandate based on the following information:

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



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

Recurrent Related Party Transaction of the Group contemplated under the Proposed Shareholders' Mandate comply with Paragraph 10.09(2) and the relevant provisions under item 3.1 and 3.2 of Practice Note 12 of the Main Market Listing Requirements.

## 2.2 Principal Business

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

No.	Name of Company	Principal Activities	Effective Ownership Interest (%)
1.	Paragon Bizhub Sdn Bhd	Properties development	100.00
2.	PGBG Construction Sdn Bhd	Properties development and building contractors	100.00
3.	Builtech Acres Sdn Bhd	Properties investment	99.06
4.	Paragon Globe Properties Sdn Bhd	Properties development	100.00
5.	Paragon Platinum Sdn Bhd	Properties development and properties investment	100.00
6.	Paragon Business Hub Sdn Bhd	Properties development	100.00
7.	Paragon Workers Hostel Sdn Bhd	Dormant, intended activity is investment holding	100.00
8.	PGB Iconic Sdn Bhd (Date of incorporation: 19 June 2023)	Dormant, intended activity is investment holding	100.00
<b>Subsidiary Company of Builtech Acres Sdn Bhd</b>			
1.	Sepang Medicity Sdn Bhd	Medical centre and services (yet to commence operations)	99.06

## 2.3 Classes of Related Parties

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

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

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

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

### (a) Renewal of Existing Recurrent Related Party Transactions

No.	Nature of Recurrent Related Party Transaction	Parties Involved	Related Parties	Interested Directors, Interested Major Shareholders and Person Connected	Estimated value from 12 September 2022 to our 76 <sup>th</sup> AGM on 30 August 2023 (RM'000)	Actual value from 12 September 2022 till LPD (RM'000)	Estimated value <sup>*5</sup> from 76 <sup>th</sup> AGM on 30 August 2023 till the next AGM (RM'000)
1	Rental of Office Premises <sup>*1</sup>	PGB	Castle Inn Realty Sdn Bhd	Dato' Sri Edwin Tan Dato' Sri Godwin Tan	620	601	620
2	Administration Support Services <sup>*2</sup>	PGB Group	Hotel Grand Paragon Sdn Bhd	Dato' Sri Edwin Tan Dato' Sri Godwin Tan	450	63	450

### (b) New Recurrent Related Party Transactions

No.	Nature of Recurrent Related Party Transaction	Parties Involved	Related Parties	Interested Directors, Interested Major Shareholders and Person Connected	Estimated value <sup>*2</sup> from 76 <sup>th</sup> AGM on 30 August 2023 till the next AGM (RM'000)
1	Construction and Related Services <sup>*3</sup>	PGBG Construction Sdn Bhd	Paragon Earth Sdn Bhd	Dato' Sri Edwin Tan Dato' Sri Godwin Tan Dato' Jeffrey Lai Jiun Jye	90,000
2	Tenancy Agreement for Office Premises <sup>*4</sup>	PGB	Dato' Sri Edwin Tan	Dato' Sri Edwin Tan	200

Notes:

- \*1 Paragon Globe Berhad has renewed the tenancy agreements with Castle Inn Realty Sdn Bhd on 3 June 2022 whereby PGB has rented the office space located at Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor measuring the net floor area of approximately 5,327.38 square feet at the rate of RM9.40 per square feet for a monthly rental of RM50,077. The tenancy shall be for a period of three (3) years commencing 1 May 2022 and expiring 30 April 2025.
- \*2 Paragon Globe Berhad and its subsidiaries receive administrative support services from Hotel Grand Paragon Sdn Bhd (“Grand Paragon Hotel”). These services can vary depending on the specific needs and arrangements between PGB Group and Grand Paragon Hotel. Some common administrative support services provided may include meeting and conference facilities, accommodation services, catering and food services, parking services and more.
- \*3 The subsidiary of PGB, PGBG Construction Sdn Bhd (“PGBG”), provides a range of construction and related services to Paragon Earth Sdn Bhd, which may include site preparation, building construction, project management, structural works and more. The transactions are in the ordinary course of PGBG’s businesses and are likely to occur and are necessary for the day-to-day operations.
- \*4 Paragon Globe Berhad has entered the tenancy agreements with Dato’ Sri Edwin Tan on 1 April 2023 whereby PGB has rented all that premises erected on GRN 27901 Lot 300, Seksyen 87A, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing the address 9, Lorong Gurney, Off Jalan Semarak, 54100 Kuala Lumpur at approximately 990.183 square meter at the rate of RM14.11 per square meter for a monthly rental of RM13,980. The tenancy shall be for a period of two (2) years commencing 15 April 2023 and expiring 14 April 2025.
- \*5 Estimated value is subject to actual value. The actual value may vary from the estimated value disclosed as the value cannot be ascertained. However, in accordance with Paragraph 3.3(a) of Practice Note 12 of the Listing Requirement, the transactions shall be RRPT and do not exceed 10% of the percentage ratio in Paragraph 10.02(g) of the Listing Requirements.

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

- \*6 The details of the service provider and recipient of all the above transactions are stated below:

No.	Nature of Recurrent Related Party Transaction	Provider	Recipient
1	Rental of Office Premises	Castle Inn Realty Sdn Bhd	PGB
2	Administration Support Services	Hotel Grand Paragon Sdn Bhd	PGB Group
3	Construction and Related Services	PGBG Construction Sdn Bhd	Paragon Earth Sdn Bhd
4	Tenancy Agreement for Office Premises	Dato’ Sri Edwin Tan	PGB

## **2.5 Nature and Extent of Interest**

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

- (a) Dato' Sri Edwin Tan is the Executive Chairman of PGB. He is also a director and substantial shareholder of both Castle Inn Realty Sdn Bhd and Hotel Grand Paragon Sdn Bhd through his 50% of direct shareholding respectively. Additionally, Dato' Sri Edwin Tan is a director and substantial shareholder of Paragon Earth Sdn Bhd, with a 64% deemed interest held through Paragon Link Sdn Bhd and 1% deemed interest held through T&T Enterprise Sdn Bhd.
- (b) Dato' Sri Godwin Tan is the Group Executive Director of PGB. He is the director and shareholder of Castle Inn Realty Sdn Bhd through his 20% of direct shareholding. He also acts as the Director for Hotel Grand Paragon Sdn Bhd. Furthermore, Dato' Sri Godwin Tan is a director and substantial shareholder of Paragon Earth Sdn Bhd, with a 64% deemed interest held through Paragon Link Sdn Bhd.
- (c) Dato' Jeffrey Lai Jiun Jye is the Non-Independent Non-Executive Director of PGB. He is a director and shareholder of Paragon Earth Sdn Bhd, with a 35% deemed interest held through Kuopacific Properties Sdn Bhd.

## **2.6 Amount Due and Owing by Related Parties**

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

## **2.7 Review Procedures in Relation to Recurrent Related Party Transactions**

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

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

The procedures established by our Group are as follows:

- (a) All Related Party of the Group are responsible to provide Conflict of Interest Declaration Form to the Audit Committee of any potential RPT, RRPT and/or any conflict of interest involving him/her or Person Connected to him/her, including any additional information about the transaction that the Audit Committee may reasonably request subsequently. The Audit Committee will determine whether the transaction does, in fact, constitute RPT, RRPT and/or conflict of interest, and may engage professional or third-party opinion on the matter as required;
- (b) All Substantial Shareholders, Directors, employees of the Group are required to complete the "Conflict of Interest Declaration Form" in an annual basis, by disclosing the names of companies in which he/she and/or their Person Connected hold directorships and/or substantial shareholding, any potential RPT, RRPT and/or conflict of interest, if any to the Compliance Function;
- (c) Sales and Marketing Department's personnel and Project and Purchasing Department's personnel are required to submit Conflict of Interest Declaration Form whereby the owner, director and/or shareholder of the prospective customer or newly appoint supplier is required to disclose and declare whether the owner, director and/or its shareholder is the Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with such Substantial Shareholder, Director or employee. Sales and Marketing Department and Project and Purchasing Department are required to inform the Compliance Function in the event the owner, director and/or the shareholder of the prospective customer or newly appoint supplier is a Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with the Substantial Shareholder, Director or employee;
- (d) The Compliance Function will review all RPTs, RRPTs and/or the conflict of interest monthly, compile a listing of Related Party, nature of RPT, RRPT and/or the conflict of interest, estimated value of annual transactions and control(s) put in place to the transactions, subject to the update from time to time and subject to review by the Head of Compliance Function without the participation of the interested Related Party. It is the responsibility of the Head of Compliance Function to notify the Audit Committee of new RPT, RRPT and/or conflict of interest with details in written communication and/or electronic communication and report to the Audit Committee for review at least once every quarter during the quarterly Audit Committee meeting;
- (e) For the avoidance of doubt, Significant Transaction involving Related Party for annual transaction value (based on financial year) of more than RM1,000,000.00 must subject to a formal review and approval by the Audit Committee, supported by information and documentations per Section 2.7(g) and Section 2.7(h), prior to the commencement of the transaction. Whilst Head of Compliance Function will notify the Audit Committee for annual transaction value if less than RM1,000,000.00 during Audit Committee Meeting;

- (f) Any member of the Audit Committee who has an actual conflict of interest, potential conflict of interest or perceived conflict of interest, whether directly or indirectly in any RPT, RRPT and/or any conflict of interest will recuse himself or herself and abstain from voting on the review and approval or ratification for all of the RPT, RRPT and/or conflict of interest and must not participate in the Audit Committee's discussions of the RPT, RRPT and/or any conflict of interest. Thereafter such member of the Audit Committee, if he/she is an Independent Director, shall be subject to independency and objectivity assessment by the Board of Directors of the Company to determine his/her independency and objectivity to continue his/her holding of office as Independent Director;
- (g) In order for the Audit Committee to review any RPT, RRPT and/or any conflict of interest, the Compliance Function shall provide the Audit Committee with all relevant material information of the RPT, RRPT and/or any conflict of interest, including but not limited to: -
  - (i) the terms of the transaction and its commercial reasonableness;
  - (ii) the description and business purpose of the transaction;
  - (iii) the extent of the Related Party's interest in the RPT, RRPT and/or any conflict of interest, if applicable;
  - (iv) the control(s) put in place;
  - (v) the benefits to the Company and/or to the Related Party;
  - (vi) the materiality of the RPT, RRPT and/or any conflict of interest to the Company and the percentage ratio pursuant to Chapter 10 of MMLR;
  - (vii) justification as to why the transaction must be undertaken with the Related Party; and
  - (viii) any other relevant information as the Audit Committee deems necessary.
- (h) In determining whether to recommend the RPT, RRPT and/or any conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting, the Audit Committee shall consider the following factors: -
  - (i) Whether the terms of the RPT, RRPT and/or the conflict of interest are at arms-length basis, on terms not more favourable to Related Party than those generally available to the public and in the best interest of the Company, fair, reasonable and not detrimental to the interest of the Company or its subsidiary or its minority shareholders and/or would apply on the same basis if the transaction did not involve a Related Party;
  - (ii) Whether there are quotations provided by a non-Related Party for comparison and if no, justification for no price comparison;

- (iii) Whether there are any compelling business reasons for the Company or its subsidiary to enter into the RPT, RRPT and/or the conflict of interest and the nature of alternative transactions, if any;
  - (iv) Whether the RPT, RRPT and/or the conflict of interest would impair the independence of an otherwise Independent Director, Director or Chief Executive of the Company or its subsidiary (as the case maybe);
  - (v) Whether the Audit Committee was notified about the RPT, RRPT and/or the conflict of interest before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company or its subsidiary; and
  - (vi) Whether the RPT, RRPT and/or the conflict of interest would present an improper conflict of interest for Related Party or the employee of the Company or its subsidiary, taking into account the size of the transaction, the overall financial materiality of RPT, RRPT and/or the conflict of interest to the Related Party or the employee of the Company or its subsidiary, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
  - (vii) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities are compared, wherever possible, to determine the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/ services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third-party vendors/customers of similar products or services, or if the product/service is a proprietary item), transaction price will be offered to/by at a margin that will not be detrimental to the Company or the Group.
- (i) If in any event, the Audit Committee decides not to recommend RPT, RRPT and/or the conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting that has been commenced without approval, the Audit Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or modification of the transaction to make it acceptable for ratification. In connection with any review of a RPT, RRPT and/or the conflict of interest, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.
  - (j) All RPTs, RRPTs and/or any conflict of interest reviewed by the Audit Committee are to be reported and recommended to the Board of Directors for deliberation and approval. The considerations set forth above shall apply to the Board of Directors with such modifications as may be necessary or appropriate under the circumstances.

- (k) Any member of the Board of Directors who has an actual interest, potential interest or perceived interest in any of the RPT, RRPT and/or Conflict of Interest will recuse himself or herself and abstain from voting on the approval or ratification of the RPT, RRPT and/or the conflict of interest and must not participate in the Board of Directors discussions of the RPT, RRPT and/or the conflict of interest.

## **2.8 Audit Committee Statement**

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

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

## **3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE**

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

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

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

## **4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any effect on the share capital, the substantial shareholders' shareholdings and is not expected to have material effect on the net assets and gearing of our Group for the financial year ending 31 March 2024.



## 5. APPROVAL REQUIRED

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

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

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

### (a) Interest in PGB's Shares

Interested Directors and Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Sri Edwin Tan	175,200	0.023	386,810,000 <sup>*1</sup>	51.808
Dato' Sri Godwin Tan	8,000	0.001	386,810,000 <sup>*1</sup>	51.808
Dato' Jeffrey Lai Jiun Jye	-	-	-	-

Note:

<sup>\*1</sup> Deemed interest by virtue of his substantial indirect interest in Paragon Adventure Sdn Bhd

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

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

## 7. OPINION AND RECOMMENDATION FROM DIRECTORS

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

## **8. ANNUAL GENERAL MEETING**

The 76<sup>th</sup> AGM of the Company will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Wednesday, 30 August 2023 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the Proxy Form which is attached together with the 2023 Annual Report of PGB in accordance with the instructions contained therein and to deposit the Proxy Form at the Registered Office of the Company as soon as possible but in any event not less than forty-eight (48) hours before the time fixed for the AGM.

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

## **9. FURTHER INFORMATION**

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

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

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

## FURTHER INFORMATION

### 1. RESPONSIBILITY STATEMENT

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

### 2. MATERIAL CONTRACTS

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

1. On 5 December 2019, Paragon Globe Properties Sdn. Bhd, a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement (“SPA”) with Iskandar Capital Sdn Bhd (“the Vendor”) to acquire part of freehold land held under Geran 507162 Lot 149989 (formerly held under HS(D) 484311 PTD 175988), PTD 175989, Geran 507161 Lot 149991 (formerly held under HS(D) 484312 PTD 175990), all in Mukim of Pulau, District of Johor Bahru, State of Johor, measuring approximately 31.1 acres in area known as Plot ED-5A and Plot ED-5B for a purchase consideration of RM60,962,220.

The Company and the Vendor have executed a letter of confirmation on the variation of the terms of the SPA on 30 April 2021. The Company and the Vendor have further executed a letter of confirmation dated 4 March 2022 on variation of the terms of SPA dated 5 December 2019 and confirmation on variation of the terms of SPA dated 30 April 2021, wherein the cut-off date for the conditions precedent to be fulfilled has been revised to on or before 4 June 2022. The transaction has been completed on 17 November 2022 pursuant to the terms of the SPA and both letters of confirmation.

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

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

3. On 24 June 2022, Paragon Platinum Sdn Bhd (“Paragon Platinum”), a wholly-owned subsidiary of the Company, has entered into three (3) Sale and Purchase Agreement (“SPAs”) with three different vendors namely Lim Thian Seng, Eng Foo (Lim) Enterprise Sdn Bhd and Heng Foo Lim Enterprise Sdn Bhd to purchase three pieces of freehold agriculture land held under GM 950 Lot 282, GM 439 Lot 283 and GM 880 Lot 85, Mukim of Plentong, District of Johor Bahru, State of Johor, measuring approximately 26.84 acres for at a purchase price of Ringgit Malaysia Thirty Eight Million Seventy Nine Thousand Four Hundred and Twenty (RM38,079,420) only (“Purchase Price”). The deposit shall be payable upon or before the execution of the SPA and form part payment toward the account of Purchase Price. The balance of Purchase Price shall be paid to the Vendors’ Solicitor within twelve (12) months from the date of SPAs. The transactions have been completed on 10 April 2023 pursuant to the terms of the SPAs.

4. On 9 November 2022, Paragon Business Hub Sdn Bhd (“PBHSB”), a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement (“SPA”) with Tan Teng Chiu and Tan Chuan Hong, both executors for the Estate of Tan Beng Hoea (Deceased) (collectively to be referred to as “Vendor”) to purchase one piece of freehold agriculture land held under Geran 80943 Lot 2699 of Mukim Plentong, District of Johor Bahru, State of Johor, measuring approximately 42.2896 hectares at a purchase price of Ringgit Malaysia Seventy One Million and Five Hundred Thousand (RM71,500,000) only (“Purchase Price”). The deposit as part payment of the Purchase Price shall be payable upon the execution of the SPA. The balance of the Purchase Price shall be paid to the Vendor’s Solicitors as stakeholder for onwards transmission to the Vendor on or before the last day of six (6) months from the date of the SPA becoming unconditional. Subject to the terms and conditions stipulated in the SPA, the transaction is yet to be completed as of the LPD.
5. On 30 November 2022, Paragon Business Hub Sdn Bhd (“PBHSB”), a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement (“SPA”) with Tan Kim Yan (“Vendor”) to purchase one piece of freehold agriculture land held under GM699 Lot 300 of Mukim Plentong, District of Johor Bahru, State of Johor, measuring approximately 3.9457 hectares at a purchase price of Ringgit Malaysia Nine Million Five Hundred and Eighteen Thousand (RM9,518,000) only (“Purchase Price”). The deposit as part payment towards account of the Purchase Price shall be payable to the Vendor’s Solicitor upon execution of the SPA. The balance of Purchase Price shall be paid two (2) months from the date of the SPA becoming unconditional. The transaction has been completed on 19 April 2023 pursuant to the terms of the SPA.
6. On 3 July 2023, PGB Iconic Sdn Bhd (“PISB”), a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement (“SPA”) with Surelead Sdn Bhd (“Vendor”) to purchase two (2) pieces of freehold lands held under GRN 85942 Lot 2942 and GRN 85947 Lot 2943, both in Township of Johor Bahru, District of Johor Bahru, State of Johor, measuring approximately 5,670.6576 square meters at a purchase price of Ringgit Malaysia Twelve Million Two Hundred Seven Thousand Six Hundred and Ninety (RM12,207,690) only (“Purchase Price”). The deposit as part payment towards the account of the Purchase Price shall be payable upon execution of the SPA. The balance of Purchase Price shall be paid to the Vendor’s Solicitor within four (4) months from the date of the SPA. Subject to the terms and conditions stipulated in the SPA, the transaction is yet to be completed as of the LPD.

### **3. MATERIAL LITIGATION**

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

### **4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours between Monday and Friday (except public holidays) at the Registered Office at Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor, from the date of this Circular up to and including the date of the forthcoming 76<sup>th</sup> AGM of our Company: -

- (a) Constitution;
- (b) Material contracts referred to in Section 2 of above;
- (c) Audited consolidated financial statements for the past two financial years ended 31 March 2022 and 31 March 2023.