

Announcement

Subject	:	PARAGON UNION BERHAD ("PUB" or "Company") -Proposed rights issue of 56,000,000 new ordinary shares of RM1.00 each at par on the basis of four (4) new ordinary shares for each existing ordinary share held ("Proposed Rights Issue"); and -Proposed establishment of an employees' share option scheme ("Proposed ESOS")
Date Announced	:	01/12/1999
Reference No.	:	CU-991126-71499
Type	:	Announcement
Company Name	:	Paragon Union Berhad
Stock Name	:	Paragon

Content:

Further to the announcement on 27 August 1999, Perwira Affin Merchant Bank Berhad ("PAMB") is pleased to announce, on behalf of the Board of Directors of PUB, that, on 24 November 1999, the Securities Commission ("SC") has approved the Proposals without any modification.

The approval by the SC on the Proposals is conditional upon, inter-alia, the following:

(i) The issue price for the Proposed Rights Issue is to be determined at a discount of not more than 30% from the theoretical ex-rights price based on the five-day weighted average market price of PUB shares or at par value, whichever shall be the higher, prior to the price fixing date;

(ii) The proceeds from the Proposed Rights Issue shall be utilised as proposed :

- (a) repayment of bank borrowings of RM36,511,000
- (b) capital expenditure of RM 10,726,000
- (c) working capital of RM7,763,000
- (d) incidental expenses of RM1,000,000

(iii) In the event the actual amount raised from the Proposed Rights Issue exceeds the proposed proceeds of RM56 million by more than 10%, the prior approval of the SC must be obtained for the utilisation of the excess proceeds; and

(iv) The Company must institute legal proceedings against the vendors of Kinma Holdings Sdn Bhd ("Kinma") for the recovery of the deposits paid to them by PUB pursuant to the acquisition of Kinma which was subsequently aborted.

Further to the above, on behalf of the Board of Directors of PUB, PAMB is pleased to announce that the price fixing date for the Proposed Rights Issue is 30 November 1999. Based on the five (5) days weighted average market price per PUB share from 22 November 1999 to 26 November 1999, of RM1.833, the theoretical ex-rights price for each PUB share would be RM0.833. Accordingly, the issue price for the Proposed Rights Issue will be fixed at the par value of PUB shares of RM1.00 as proposed which is in accordance with the condition imposed by the SC as mentioned in paragraph (i) above.

Refer to Table 1.

Table 1

	RM'000
Repayment of bank borrowings	36,511
Capital expenditure	10,726
Working capital	7,763
Incidental expenses	1,000
	56,000