

# Announcement

**Subject** : PARAGON UNION BERHAD ("PUB")  
- Termination of Sale of Shares Agreement ("SSA")

**Date Announced** : 12/03/2009

**Reference No.** : CC-090312-BB3BA

**Type** : Reply to query

**Reply to Bursa  
Malaysia's Query  
Letter - Reference ID** : IJ-090311-39934

**Company Name** : Paragon Union Berhad

**Stock Name** : Paragon

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## Content:

Reply to queries in relation to the announcement of PUB on 10 March 2009 pertaining to the termination of Sale of Shares Agreement.

## Query Letter content:

We refer to your Company's announcement dated 10 March 2009, in respect of the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-

Full details of the reason that lead to the termination of the SSA dated 19 August 2008;  
Whether there is any legal recourse available to the parties involved. If yes, to provide the details thereof; and The financial impact of the termination of the SSA to your Company.

Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

CHONG FUI TZY  
Head, Issuers  
Listing Division  
Regulation

HTH/IJ  
copy to:- Head, Market Surveillance, Securities Commission (via fax)

## **Announcement Details:**

1) Full details of the reason that lead to the termination of the SSA dated 19 August 2008.

The Purchaser's solicitors failed to receive the Completion Documents as stipulated in Clauses 6 & 7 of the SSA dated 19 August 2008 from the Vendors' solicitors namely:-

- (a) the original share certificates to the Shares free from encumbrances;
- (b) relevant stamping proforma duly signed by the Company Secretary of Dominion Park Sdn Bhd ("the Company");
- (c) a certified true copy of the valid, subsisting and undated resolution of the Board of Directors of the Company duly convened and passed in accordance with the Memorandum and Articles of Association of the Company approving the transfer and registration of the Shares from the Vendors to the Purchaser as the Purchaser shall direct;
- (d) the undated letter of resignation of the existing directors, company secretary, auditor and all nominees of the Vendors appointed onto the board of directors of the Company duly executed by such directors with their acknowledgement but subject to the exception herein stipulated that they have no claim of whatsoever nature against the Company save and except as disclosed under Annexure 7 (Loans and Advances from Directors) aforesaid or otherwise as disclosed prior to signing this Agreement together with authority from such directors to the Vendors' Solicitors to date such letters as at the Completion Date;
- (e) a certified true copy of the valid, subsisting and undated resolution of the Board of Directors of the Company duly convened and passed in accordance with the Memorandum and Articles of Association of the Company approving the appointment of two (2) new Directors on the part of the Purchaser to the Board of the Company;
- (f) the Board of Directors resolution resolving and authorizing the change of the Company's banks mandate by appointing the Vendors' Representative and the Purchaser's Representative who shall together with at least one (1) of the Vendors' Representative be mandatory signatories to the Company's bank account including the Housing Developer's Account of the Wangsa Cheras Project such appointment of the Vendors' Representative and the mandate aforesaid shall not be revoked until the full completion of the Wangsa Cheras Project and the sale and disposal of the properties therein including but not limited to the delivery of the vacant possession.
- (g) the valid and registrable instruments of transfer in respect of the Shares duly executed by the Vendors in favour of the Purchaser together with the photocopies of the Vendors' identity cards on the Purchaser's Solicitors undertaking to proceed with the stamping and transfer of the same upon the full payment of the Balance Purchase Price by the Purchaser to the Vendors' Solicitors;
- (h) any other relevant documents.

The Vendors have therefore failed to complete the SSA and comply with the terms of the SSA and have further failed to remedy the same within the stipulated fourteen (14) days from the date of receipt by them of the Purchaser's notice requiring such remedy. The Purchaser has thus no alternative but to terminate the SSA.

(2) Whether there is any legal recourse available to the parties involved. If yes, to provide the details thereof.

Yes to institute legal proceedings against the Vendors for refund of the full purchase price amounting to RM18,000,000.00 together with liquidated damages of 10% of the Purchase Price within 14 days failing which interest at 8% per annum will be charged until full settlement.

(3) The financial impact of the termination of the SSA to your Company.

The direct financial impact on termination would be the RM18,000,000.00. This is likely to be recovered by means of legal proceedings.