

PARAGON UNION BERHAD

Type	ANNOUNCEMENT
Subject	GENERAL ANNOUNCEMENT
Description	PARAGON UNION BERHAD (“PUB” OR “THE COMPANY”) – SETTLEMENT AGREEMENT

INTRODUCTION

Further to the Company’s announcement dated 18 April 2018, the Board of Directors of PUB wishes to announce that a Settlement Agreement has been executed between PUB and a Company known as Prestamewah Development Sdn. Bhd (Company No. 512151-T) (“PDSB”) and one, Liw Jun Wai (“LJW”) (“the Parties”) on 18 February 2019 for the total reduced sum of RM13,500,000.00 (PDSB’s Portion) and RM3,000,000.00 (LJW’s Portion) in which the total Settlement Sum shall be RM16,500,000.00 as the full and final settlement of the Judgment of the Court of Appeal dated 16 March 2018 IN Civil Appeal No. W-02(NCC)(W)-1202-07/2014 which ordered that PDSB and LJW to refund the sum of RM18,000,000.00 (“the Judgment Sum”) to the Company.

SALIENT TERMS OF THE SETTLEMENT AGREEMENT

1. Settlement

1.1 As full and final settlement in respect of the Judgment of the Court of Appeal, it is hereby agreed that PDSB and LJW shall pay the reduced sum of Ringgit Malaysia Thirteen Million and Five Hundred Thousand (RM13,500,000.00) (“PDSB’s Portion”) and Ringgit Malaysia Three Million (RM3,000,000.00) (“LJW’s Portion”) respectively, in which the total settlement sum shall be Ringgit Malaysia Sixteen Million and Five Hundred Thousand (RM16,500,000.00) (“Total Settlement Sum”) to PUB in the manner as stipulated in this Settlement Agreement.

1.2 The Parties agree that the Total Settlement Sum shall be paid in the following manner:-

(a) PDSB shall cause Anekakiara Realty Sdn Bhd (Company No: 504421-M), the registered proprietor to transfer three (3) units of three (3) storey factory (“Registered Owner (“Settlement Properties”)”) free of encumbrances to PUB at the agreed sum of Ringgit Malaysia Eleven Million (RM11,000,000.00) only (hereinafter referred to as the “Partial Settlement Sum”). The Partial Settlement Sum shall be deemed paid by PDSB to PUB by way of set-off against PDSB’s Portion upon the registration of transfer of the properties to PUB.

(b) The payment of the balance of Total Settlement Sum shall be as follows:-

Upon execution of this Settlement Agreement

- (i) LJW shall pay to PUB the sum of Ringgit Malaysia Three Million (RM3,000,000.00) and;
- (ii) PDSB shall pay Ringgit Malaysia One Hundred Thousand (RM100,000.00) to PUB.

Balance Settlement Sum

(iii) PDSB shall pay the balance settlement sum of Ringgit Malaysia Two Million and Four Hundred Thousand (RM2,400,000.00) of its portion of the Total Settlement Sum (“Balance PDSB Settlement Sum”) in six (6) equal monthly instalments of six (6) pre-signed post-dated cheques in the amount of Ringgit Malaysia Four Hundred Thousand (RM400,000.00) each.

1.3 PUB shall withdraw the Bankruptcy Proceeding against LJW and the Winding-Up Petition filed against PDSB with no order as to costs.

1.4 PDSB and LJW shall cause their solicitors to file a Notice of Discontinuance in respect of their Notice of Motion for leave to appeal to the Federal Court under Civil Application No. 08(f)-172-04/2018(w) with no order as to costs and with no liberty to file afresh.

1.5 Upon execution of this Settlement Agreement, the Parties hereof shall cause all the Notices of Discontinuance as stated in clause 1.3 and 1.4 above to be dated and signed by their respective solicitors and have the same deposited with PUB’s Solicitor, namely, Messrs. Jaffar & Menon, Advocates & Solicitors, who shall be authorized to file the same into the respective Courts within one (1) week of receipt of the same from PDSB and LJW’s solicitors.

2. Event of Default

In the event any of the Post-Dated Cheques are not cleared as a result of insufficient funds upon PUB depositing such cheque on or after the respective date of each of the Post-Dated Cheques, PUB shall give to PDSB a notice(s) of not less than fourteen (14) Business Days to remedy such failure, and if PDSB shall fail to remedy such failure on or before the expiry of the said notice(s) to remedy, PUB shall be at liberty to recover any unpaid outstanding amount from Balance PDSB Settlement Sum from PDSB and further the amount of Ringgit Malaysia One Million and Five Hundred Thousand (RM1,500,000.00) being the discounted amount from the Judgment Sum from LJW.

FINANCIAL EFFECTS

The Settlement Agreement will not have any material effect on the revenue and earnings of PUB for the financial period ending 31 December 2019. However, the net assets per share of the Company will increase in line with the Settlement Properties being recorded as fixed assets of the Company.

DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST

None of the directors, substantial shareholders of the Company and persons connected to them have any interest, direct and/or indirect, in the Settlement Agreement.

STATEMENT BY DIRECTORS

The Board of Directors of the Company, having taken into consideration all aspects of the Settlement Agreement, is of the opinion that the Settlement Agreement is in the best interest of the Group.

APPROVALS REQUIRED

The Settlement Agreement does not require approval of the Company's shareholders and/or any regulatory authorities.

DOCUMENTS FOR INSPECTION

The Settlement Agreement will be made available for inspection at the registered office of PUB at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 19 February 2019.