

Announcement

Subject : UNUSUAL MARKET ACTIVITY
Date Announced : 04/09/2001
Reference No. : C&-010904-B17EC
Type : Reply to query
Company Name : Paragon Union Berhad
Stock Name : Paragon
Reply to Query Letter by KLSE reference ID : VC-010903-72873

Content:

We attach herewith the following letter dated 4 September 2001 from Paragon Union Berhad pertaining to the captioned matter for your kind attention:

[Quoted:

4 September 2001

THE KUALA LUMPUR STOCK EXCHANGE
EXCHANGE SQUARE
9TH FLOOR BUKIT KEWANGAN
50200 KUALA LUMPUR

Attn: Mr. Tan Chun Weng

Dear Sir

UNUSUAL MARKET ACTIVITY

We refer to your fax dated 3 September 2001, Ref: VC-010903-72873 regarding the above matter.

The Board of Directors of Paragon Union Berhad would like to advise the Exchange that:-

1. there is no material development in the Company's business and affairs not previously disclosed;
2. there is no impending change in the major shareholders of the Company; and
3. the Company is not aware of any other reasons which may account for the unusual market action.

In addition, the Board would also like to declare that as far as they are aware, none of the listed situations/events pursuant to Paragraphs 9.03, 9.04 and 9.07 of the KLSE's Listing Requirements listed in your aforesaid letter, has contributed to the unusual market activities in the Company's shares during the period in question and that the Company is not aware of any rumour or report which may contain information which has or is likely to have an effect on the trading of the Company's securities.

For and on behalf of
The Board of Directors

(signed)

.....
TAN ONN POH
Managing Director

Unquoted]

Query Letter content :

We draw your attention to the sharp increase in price and volume in your Company's shares recently.

In accordance with Paragraph 9.11 of the Listing Requirements on the Corporate Disclosure Policy on Response to Unusual Market Activity, kindly advise the Exchange immediately the following for public release upon due inquiry:-

1. whether there is any material development in your Company's business and affairs not previously disclosed.
2. whether there is any impending change in the major shareholders.
3. whether in your knowledge, any other reasons to account for the unusual market action.

You are reminded that pursuant to Paragraphs 9.03, 9.04 and 9.07 of the KLSE's Listing Requirements, the following situations/events (which are not exhaustive) require prompt disclosure:

- § the entry into a joint venture agreement or merger;
- § the acquisition or loss of a contract, franchise or distributorship rights;
- § the introduction of a new product or discovery;
- § a change in management;
- § the borrowing of funds
- § the commencement of or the involvement in litigation and any material development arising therefrom;
- § the commencement of arbitration proceedings or proceedings involving alternative dispute resolution methods;
- § the purchase or sale of an asset;
- § a change in capital investment plans;
- § the occurrence of a labour dispute or disputes with sub-contractors or suppliers;
- § the making of a tender offer for another company's securities;
- § the occurrence of an event of default on interest and/or principal payments in respect of loans;
- § a change in general business direction;
- § a change of intellectual property rights;

- § the entry into a memorandum of understanding; or
- § the entry into any call or put option or financial futures contract.

If the MOU is not intended to be a legally binding document at this stage, you are required to disclose the expected time in which a legally binding agreement will be executed by the relevant parties.

Kindly declare that none of the above listed situations/events contributed to the unusual market action activities in your Company's shares during the period in question upon due inquiry.

You are also reminded that if you are aware or become aware of any rumour or report (whether true or false) which contains information which is likely to have an effect on the trading of your company's securities, you are required to publicly clarify the rumour or report as soon as possible.

Your reply should be in conformity with the Exchange's Corporate Disclosure Policy, in particular, Paragraphs 9.08, 9.16 and 9.17 of the KLSE's Listing Requirements and is to reach the Exchange within one (1) market day from the date of this letter via KLSE Listing Information Network ("KLSE LINK").

Yours faithfully

TAN CHUN WENG
Senior Vice President
Financial Review & Surveillance
Listing Group