

Announcement

Circular/Notice to Shareholders

Subject PARAGON UNION BERHAD ("PARAGON UNION" OR "COMPANY") RECEIPT OF NOTICE OF UNCONDITIONAL MANDATORY TAKE-OVER OFFER FROM HONG LEONG INVESTMENT BANK BERHAD ON BEHALF OF AKK CAPITAL SDN BHD ("OFFEROR")

Please refer attachment below.

Announcement Info

Company Name	PARAGON UNION BERHAD
Stock Name	PARAGON
Date Announced	15 Feb 2021
Category	Document Submission
Reference Number	DCS-15022021-00002

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if you have any doubt about the Offer (as defined below).

If you have sold or transferred all your Offer Shares (as defined below), you should hand this Offer Document and the accompanying Form of Acceptance and Transfer immediately to the person through whom you have effected the sale or transfer for transmission to the purchaser or transferee.

Pursuant to Paragraph 11.02(3) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**"), the Securities Commission Malaysia ("**SC**") has notified that it has no further comments to this Offer Document. However, such notification should not be taken to suggest that the SC recommends the Offer or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Offer Document.

The SC takes no responsibility for the contents of this Offer Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document.

UNCONDITIONAL MANDATORY TAKE-OVER OFFER

BY

AKK CAPITAL SDN BHD

(Registration No.: 202001034960 (1391281-K))
(Incorporated in Malaysia)

("OFFEROR")

THROUGH



Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

TO ACQUIRE

ALL THE REMAINING ORDINARY SHARES IN PARAGON UNION BERHAD (EXCLUDING TREASURY SHARES) NOT ALREADY OWNED BY THE OFFEROR AND ULTIMATE OFFEROR ("OFFER SHARES") FOR A CASH OFFER PRICE OF RM0.55 FOR EACH OFFER SHARE ("OFFER")

Acceptances of the Offer must be received by **5.00 p.m. (Malaysian time)** on **Monday, 8 March 2021** being the first closing date of the Offer ("**First Closing Date**"), or such other later date(s) as the Offeror may decide and Hong Leong Investment Bank Berhad may announce on behalf of the Offeror at least 2 days before the Closing Date (as defined herein). Subject to the provisions of the Rules and the terms and conditions of this Offer Document, the Offeror may extend the date and time for the acceptance of the Offer beyond the First Closing Date. Notice of such revision or extension will be posted to you accordingly.

You should refer to Appendix II of this Offer Document for the procedures to accept the Offer. The Form of Acceptance and Transfer is enclosed with this Offer Document.

This Offer Document is dated 15 February 2021

DEFINITIONS

For the purpose of this Offer Document and the accompanying Form of Acceptance and Transfer, except where the context requires otherwise or where otherwise defined, the following definitions will apply:

“Accepting Holder”	: A Holder who accepts the Offer in accordance with the terms and conditions of this Offer Document
“Acquisitions”	: Acquisitions by the Offeror of 39,979,794 Shares, representing about 60.41% of the equity interest in Paragon Union (after excluding treasury shares of 3,821,100) as at the date of the Notice from the Vendors for a total cash consideration of RM21,988,886.70 or RM0.55 for each Share, which was completed on 25 January 2021
“Act”	: Companies Act 2016
“ADA”	: Authorised Depository Agent, as defined in the Rules of Bursa Depository
“ADM”	: Authorised Direct Member, as defined in the Rules of Bursa Depository
“AKK” or the “Offeror”	: AKK Capital Sdn Bhd (Registration No.: 202001034960 (1391281-K))
“Board”	: Board of directors
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Depository Transfer Form”	: Bursa Depository Transfer of Securities Request Form (FTF010)
“Bursa LINK”	: Bursa Securities’ Listing Information Network, the electronic platform for submission of all announcements made by listed issuers on Bursa Securities
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“CDS”	: Central Depository System
“Closing Date”	: (i) First Closing Date; or (ii) If the Offer is extended or revised in accordance with the Rules and the terms and conditions of this Offer Document, such other extended or revised closing dates as the Offeror may decide and HLIB may announce on behalf of the Offeror at least 2 days before the Closing Date
“CMSA”	: Capital Markets and Services Act 2007
“Dissenting Holder”	: Any Holder who does not accept the Offer or who has failed or refused to transfer the Offer Shares to the Offeror in accordance with the terms and conditions of this Offer Document
“Distribution”	: Any dividend or distribution of any nature declared, made or paid by Paragon Union to the Holders

DEFINITIONS (Cont'd)

“EPS”	: Earnings per Share
“First Closing Date”	: 5.00 p.m. (Malaysian time) on 8 March 2021, being the day falling 21 days from the Posting Date
“FYE”	: Financial year ended/ending
“Form of Acceptance and Transfer”	: Form of acceptance and transfer for the Offer Shares, enclosed with this Offer Document
“HLIB”	: Hong Leong Investment Bank Berhad (Registration No. 197001000928 (10209-W))
“Holder”	: Each holder (including any custodian, nominee and trustee) of the Offer Shares
“Independent Advice Circular”	: Independent advice circular to be issued by the Independent Adviser to the Holders in relation to the Offer
“Independent Adviser”	: Malacca Securities Sdn Bhd (Registration No. 197301002760 (16121-H)), being the independent adviser appointed by the Board of Paragon Union in accordance with Paragraph 3.06 of the Rules to advise the non-interested directors and the Holders in relation to the Offer
“Last Trading Day”	: 21 January 2021, being the last full trading day before the date of the Notice
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 5 February 2021, being the latest practicable date before the Posting Date
“Market Day”	: Any day on which Bursa Securities is open for trading in securities
“NA”	: Net assets
“Non-Resident Holders”	: Holders (including nominees, trustees and custodians) who are citizens or nationals of, or residents in, or have registered addresses in, any jurisdiction outside Malaysia, or are incorporated or registered with or approved by any authority outside Malaysia, or are non-residents within the definition prescribed under the Financial Services Act 2013, or who have not provided an address in Malaysia for the service of this Offer Document
“Notice”	: The notice of the Offer dated 22 January 2021, which was served on the Board of Paragon Union by HLIB on behalf of the Offeror
“Offer”	: The unconditional mandatory take-over offer by the Offeror, through HLIB, to acquire all the Offer Shares at the Offer Price in accordance with and subject to the terms and conditions in this Offer Document
“Offer Document”	: This document dated 15 February 2021, which sets out the details of the Offer, together with the enclosed Form of Acceptance and Transfer

DEFINITIONS (Cont'd)

“Offer Period”	: The period commencing from 22 January 2021, being the date of the Notice, until the earlier of either: (i) the Closing Date; or (ii) the date on which the Offer lapses, expires or is withdrawn with the written consent of the SC
“Offer Price”	: Cash offer price of RM0.55 for each Offer Share
“Offer Shares”	: All the remaining 29,168,466 Shares (excluding Treasury Shares) not already owned by the Offeror and Ultimate Offeror, representing about 42.18% of the total number of issued shares of 69,148,260 (after excluding Treasury Shares)
“Official List”	: A list specifying all securities which are listed on Bursa Securities
“Paragon Union” or the “Offeree”	: Paragon Union Berhad (Registration No. 199401000779 (286457-V))
“Paragon Union Group” or the “Group”	: Paragon Union and its subsidiaries, collectively
“PBR”	: Price-to-book ratio
“PER”	: Price-to-earnings ratio
“Posting Date”	: 15 February 2021, being the date of dispatch of this Offer Document
“Public Spread Requirement”	: The requirement under Paragraph 8.02(1) of the Listing Requirements which states that a listed issuer must ensure that at least 25.0% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
“Relevant Day”	: The Market Day following the day on which the Offer is closed, revised or extended, as the case may be
“Restricted Jurisdiction”	: Any jurisdiction where the extension or acceptance of the Offer or where the sending or making available of information concerning the Offer to the Holders in such jurisdiction would or might be in contravention of local laws or regulations in that jurisdiction
“RM” and “sen”	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“Rules”	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
“Rules of Bursa Depository”	: The rules of Bursa Depository as issued under the SICDA
“SC”	: Securities Commission Malaysia

DEFINITIONS (Cont'd)

“Share Registrar”	: Boardroom Share Registrars Sdn Bhd (Registration No.: 199601006647 (378993-D)), to whom acceptances of the Offer should be forwarded, whose address and contact numbers are set out in Section 1.9 of Appendix II of this Offer Document, acting as the registrar for acceptance of the Offer
“Shares”	: Ordinary shares in Paragon Union
“SICDA”	: Securities Industry (Central Depositories) Act 1991
“Treasury Shares”	: 851,740 Shares as treasury shares after taking into consideration the vesting of 4,449,960 treasury shares which have been granted to the eligible executives of Paragon Union pursuant to the executive shares scheme of Paragon Union effective from 15 May 2020. Out of 4,449,960 units of treasury shares granted, 1,480,600 Shares have vested as at 31 July 2020 and the remaining 2,969,360 unvested Shares will vest immediately upon the issuance of this Offer Document
“Ultimate Offeror”	: Koon Hoi Chun
“Valid Acceptance”	: The acceptance of the Offer by a Holder in accordance with the terms and conditions of this Offer Document, which is deemed by the Offeror to be valid and complete in all respects
“Vendors”	: Asia Avenue Sdn Bhd, Tan Choon Hock, Kong Say Thor, Lee Poh Ting and Lee Poh Yee, collectively
“VWAMP”	: Volume-weighted average market price

In this Offer Document, words denoting the singular, where applicable, include the plural and vice versa. Words denoting the masculine gender, where applicable, include the feminine and neuter genders and vice versa. References to persons include corporations, unless otherwise specified.

All references to “we”, “us” and “our” in this Offer Document are to HLIB, being the principal adviser through whom the Offeror are making the Offer.

All references to “you” or “Holder” in this Offer Document are to the Holder of the Offer Shares, being the persons to whom this Offer is being made.

Any discrepancies in the figures included in this Offer Document between the amounts stated and the totals of such amounts are due to rounding.

All references to dates and time in this Offer Document are references to Malaysian dates and time. If any period of time is specified from a day, or the day of an act or event, it is to be calculated excluding that day. Where a period specified in the Rules, as appearing in this Offer Document, ends on a day which is not a Market Day, the period is extended until the next Market Day.

All references to provisions of a statute, rule, regulation, enactment or rule of stock exchange, where the context requires, are to be construed as references to the provisions of such statute, rule, regulation, enactment or rule of stock exchange (as the case may be) as modified by any written law or (if applicable) amendment or re-enactment to the statute, rule, regulation, enactment or rule of stock exchange for the time being in force.

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Registered office of
AKK Capital Sdn Bhd
 Suite #8-13-6, Mutiara Bangsar
 8 Jalan Liku, Bangsar
 59100, Kuala Lumpur

Registered office of
Hong Leong Investment Bank Berhad
 Level 28, Menara Hong Leong
 No. 6, Jalan Damanlela
 Bukit Damansara
 50490 Kuala Lumpur
 Wilayah Persekutuan

15 February 2021

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH HLIB TO ACQUIRE ALL THE OFFER SHARES FOR A CASH OFFER PRICE OF RM0.55 FOR EACH OFFER SHARE

1. INTRODUCTION

- 1.1 On 22 January 2021, the Offeror had entered into unconditional share sale agreements with the Vendors to acquire a total of 39,979,794 Shares, representing about 60.41% of the equity interest in Paragon Union (after excluding treasury shares of 3,821,100), for a total cash consideration of RM21,988,886.70 or RM0.55 for each Share.

The details of the said agreements are as follows:

Vendors	No. of Shares	% ⁽¹⁾
Asia Avenue Sdn Bhd	31,941,094	48.26
Tan Choon Hock	3,428,000	5.18
Kong Say Thor	2,788,200	4.21
Lee Poh Ting	978,700	1.48
Lee Poh Yee	843,800	1.28
Total	39,979,794	60.41

Note:

- (1) Excluding 3,821,100 Shares held as treasury shares as at the date of the Notice. For information purpose, out of the 3,821,100 units of treasury shares, 2,969,360 Shares were granted to the eligible executives of the Offeree pursuant to the executive share scheme of the Offeree ("ESS") effective from 15 May 2020 and the said Shares remain unvested as at the date of the Notice. 2,969,360 Shares will vest and be part of the Offer Shares on the date of this Offer Document upon the issuance and despatch of this Offer Document, pursuant to and in accordance with the by-laws of the ESS.
- 1.2 On 25 January 2021, the Offeror had completed the Acquisitions via direct business transactions. As a result of the Acquisitions, the collective shareholdings of the Offeror and Ultimate Offeror in Paragon Union increased from nil Shares to 39,979,794 Shares, representing about 60.41% of the total number of issued Shares (after excluding treasury shares of 3,821,100).

Hong Leong Investment Bank Berhad (10209-W)

Investment Banking Division, Equity Markets
 Level 28, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia.
 Telephone: +603-2083 1800 Facsimile: +603-2083 1761 (CF)/+603-2083 1760 (ECM)

A Participating Organisation of Bursa Malaysia Securities Berhad
 A Trading Participant of Bursa Malaysia Derivatives Berhad

www.hlebroking.com

- 1.3 Under Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules, the Offeror is obliged to extend a mandatory take-over offer to acquire all the Offer Shares at the Offer Price.
- 1.4 As such, on behalf of the Offeror, HLIB served the Notice on the Board of Paragon Union on 22 January 2021 informing Paragon Union of the Offeror's statutory obligation to undertake the Offer to acquire the Offer Shares at the Offer Price, in accordance with Paragraph 9.10(1)(b)(i) of the Rules.
- 1.5 The Ultimate Offeror for the Offer is Koon Hoi Chun, the sole shareholder and director of AKK.
- 1.6 On 22 January 2021, the Board of Paragon Union announced the receipt of the Notice and a copy of the Notice was subsequently dispatched to the Holders on 27 January 2021.
- 1.7 The Offeror and Ultimate Offeror confirmed that there is no arrangement or agreement entered into between the Vendors, the Offeror, Ultimate Offeror and any persons acting in concert with them that would lead to any favourable deal.
- 1.8 On 26 January 2021, the Board of Paragon Union had appointed Malacca Securities Sdn Bhd as the Independent Adviser for the Offer.
- 1.9 As at the LPD, the shareholdings of the Offeror and Ultimate Offeror in Paragon Union are as follows:

Name	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror:				
AKK	39,979,794	60.41	-	-
Ultimate Offeror:				
Koon Hoi Chun	-	-	39,979,794	60.41 ⁽²⁾

Notes:

- (1) Excluding treasury shares of 3,821,100 of which 2,969,360 will vest and be part of the Offer Shares upon the issuance of this Offer Document, of which the equity interest of the Offeror will be diluted to 57.82%.
- (2) Deemed interest in the Shares held by AKK pursuant to Section 8(4) of the Act.
- 1.10 As at the LPD, the Offeror and Ultimate Offeror have not received any irrevocable undertaking from any Holder to accept or reject the Offer.
- 1.11 For information purposes, the treasury shares of 2,969,360 will be vested on the date of issuance of this Offer Document. In view of this, the total Shares subject to the Offer will increase from 66,178,900 to 69,148,260.
- 1.12 Under Paragraph 11.02(3) of the Rules, on 11 February 2021, the SC notified that it has no further comments to this Offer Document. However, such notification should not be taken to suggest that the SC recommends the Offer or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Offer Document.

1.13 The tentative timetable for the Offer is as follows:

Event	Date
Posting of this Offer Document	15 February 2021
Last day for the Independent Adviser to issue the Independent Advice Circular	25 February 2021
First Closing Date ⁽¹⁾	8 March 2021

Note:

- (1) The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 8 March 2021, being the First Closing Date, unless revised or extended in accordance with the Rules and the terms and conditions of this Offer Document. Any such revision or extension will be announced by HLIB on behalf of the Offeror at least 2 days before the Closing Date. Notice of such revision or extension will be posted to you accordingly.

This Offer Document is a formal offer by the Offeror, through HLIB, to acquire your Offer Shares in accordance with the terms and conditions of this Offer Document.

You are advised to carefully read this Offer Document and the Independent Advice Circular, which will be dispatched to you within 10 days from the date of this Offer Document. You should carefully consider the recommendation of the Independent Adviser before making your decision regarding the Offer.

You should take note that in the event of any further restriction to movement due to the implementation of any Movement Control Order by the Government of Malaysia or any other emergency, electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your email address with Bursa Depository via:

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depositor_y_system/request_for_estatement; or
- (ii) Bursa Anywhere mobile application which can be downloaded from Google Play Store or Apple App Store.

You should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately if you have any doubt about the Offer.

If you intend to accept the Offer, you must complete and sign the accompanying Form of Acceptance and Transfer according to its instructions. Please refer to Appendix II of this Offer Document for details on the procedures for accepting the Offer. Specific instructions for Non-Resident Holders on accepting the Offer are set out in Section 3 of Appendix II of this Offer Document.

You do not need to take any action if you decide not to accept the Offer.

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer, which are in compliance with the Rules and are identical to those set out in the Notice, are as follows:

2.1 Consideration for the Offer

The consideration for the Offer is **RM0.55 for each Offer Share**. The Offer Price will be satisfied entirely in cash.

However, if Paragon Union declares, makes or pays any Distribution to you on or after the date of the Notice but before the Closing Date and you are entitled to retain such Distribution, the Offer Price will be reduced by an amount equivalent to the net Distribution for each Offer Share which you are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event that the entitlement date for the Distribution is after the Closing Date. As at the LPD, Paragon Union has not declared any Distribution based on announcements made by Paragon Union on Bursa Securities that is payable on or after the date of the Notice.

You may accept the Offer in respect of all or part of your Offer Shares. You may not accept the Offer in excess of your holdings of the Offer Shares. The Offeror will not pay fractions of a sen to you. Hence, where applicable, your entitlements to the Offer Price will be rounded down to the nearest whole sen.

The Offer Price is equal to the transacted price of RM0.55 under the Acquisitions. The transacted price was arrived based on willing buyer-willing seller basis, after taking into consideration the following:

- (i) the unaudited NA per Share attributable to equity holders of the Group as at 30 September 2020 of approximately RM0.57; and
- (ii) the loss making position of the Group for its 9-month financial period ended 30 September 2020.

The Offer Price is in compliance with Paragraph 6.03(1) of the Rules, which states that the Offer Price in a mandatory take-over offer must not be less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the offeror or persons acting in concert for any voting shares or voting rights to which the take-over offer relates, during the offer period and within 6 months prior to the beginning of the offer period.

For information purpose, save for the Acquisitions, the Offeror, Ultimate Offeror or any persons acting in concert with them have not acquired any Shares for the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

2.2 Condition of the Offer

The Offer is not conditional upon any minimum level of acceptances of the Offer Shares as the Offeror and Ultimate Offeror collectively held more than 50.00% of the voting shares of Paragon Union upon the completion of the Acquisitions.

2.3 Duration of the Offer

The Offer will remain open for acceptance until 5.00 p.m. (Malaysian time) on 8 March 2021, being the First Closing Date, unless extended or revised in accordance with the Rules and the terms and conditions of this Offer Document. Any such extension or revision will be announced by us, on behalf of the Offeror, at least 2 days before the Closing Date. Notice of such extension or revision will be posted to you accordingly.

Please refer to Section 2 of Appendix I of this Offer Document for further details on the duration of the Offer.

2.4 Method of settlement

Other than the Offeror's right to reduce the Offer Price as set out in Section 2.1 of this Offer Document and except with the consent of the SC, the Offeror will settle the consideration to which you are entitled under the Offer in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Offeror may be or claim to be entitled against you. However, this is without prejudice to the Offeror's rights to make any claim against you in respect of a breach of your warranties as set out in Section 1 of Appendix I of this Offer Document.

The Offeror will settle the consideration for the Offer Shares through remittance in the form of cheques, banker's drafts or cashier's orders, which will be posted by ordinary mail to you (or your designated agents, as you may direct) at your registered Malaysian address last maintained with Bursa Depository at your own risk within 10 days from the date of the Valid Acceptances. This is provided that the Offeror deems such acceptances to be complete and valid in all respects in accordance with the terms and conditions of this Offer Document.

Any Non-Resident Holders are advised that settlement for acceptances of the Offer will be made in RM. Non-Resident Holders who wish to convert their consideration into foreign currency for repatriation may do so after payment of the appropriate fees and/or charges levied by the respective financial institutions.

2.5 Other terms and conditions and procedures for acceptance

Please refer to Appendix I of this Offer Document for the other terms and conditions of the Offer and Appendix II of this Offer Document for details on the procedures for accepting the Offer.

3. RATIONALE FOR THE OFFER

The Offer was made by the Offeror pursuant to Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules as a result of the Offeror acquiring more than 50.00% of the voting shares in Paragon Union upon the completion of the Acquisitions.

Although the Group recorded a loss after taxation of RM5.40 million for the 9-month financial period ended 30 September 2020, mainly due to the impact of the coronavirus disease 2019, the Offeror acquired majority control in the Offeree for the business potential of the Group after taking into consideration, amongst others, the existing reputable automotive clients for the automotive car carpets business, which include Proton, Honda, BMW, Naza and Isuzu and the on-going projects in the Offeree's order books for the commercial carpet business such as Masjid An-Nur Singapore, Putrajaya International Convention Centre as well as Emperor Cinema Johor.

(Source: Annual report of Paragon Union for FYE 2019)

The Ultimate Offeror intends to undertake a detailed review and evaluation of the Group's operations, share his business insights and provide strategic direction for the Group's business moving forward. Given the background and experience of the Ultimate Offeror in the trading and manufacturing sector as set out in Section 8 of this Offer Document, he would leverage on his experience to provide improvement in revenue stream and if appropriate, introducing cost optimization measures.

In view of the above, the Offeror and Ultimate Offeror may introduce changes, as and when deemed appropriate, with the objective to improve operational efficiency, develop future growth strategies and improve financial performance of the Group. The strategies may include, amongst others, improving manufacturing efficiencies of the Group, widening the Group's products offering, customers (including geographical expansion in other countries) and venturing into other new business that the Ultimate Offeror has experience in, if feasible.

Notwithstanding the above, at this juncture, the Offeror and Ultimate Offeror do not have any concrete or specific implementation plan for the Group.

The Offer also provides the Holders with an opportunity to realise their investment in Paragon Union for cash at the Offer Price.

4. LISTING STATUS, COMPULSORY ACQUISITION AND RIGHTS OF DISSENTING HOLDERS

4.1 Listing status

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25.00% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25.00% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where an extension of time is not granted, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and may, at its discretion, suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02(1) of the Listing Requirements. However, the non-compliance of the Public Spread Requirement will not automatically result in the delisting of the listed issuer from the Official List.

Pursuant to Paragraph 9.19(48) of the Listing Requirements, in relation to a take-over offer under the Rules, upon 90.00% or more of the listed shares (excluding treasury shares) of a listed issuer being held by a shareholder either individually or jointly with associates of the said shareholder, an immediate announcement must be made by the listed issuer. Following such immediate announcement, Bursa Securities will, in the case where the offeror intends to maintain the listing status, suspend trading in the listed issuer's securities immediately upon the expiry of 30 Market Days from the date of the announcement. In this regard, the suspension will only be uplifted upon the listed issuer's full compliance with the Public Spread Requirement or as may be determined by Bursa Securities.

The Offeror and the Ultimate Offeror intend to maintain the listing status of Paragon Union on the Main Market of Bursa Securities.

As such, if Paragon Union does not comply with the Public Spread Requirement as a result of the Offer, the Offeror will work together with Paragon Union to explore various options or proposals within 3 months from the Closing Date, or such timeframe as allowed by the relevant authorities, to help facilitate Paragon Union to comply with the Public Spread Requirement. As at the date of this Offer Document, no such arrangements have been made. Any action to comply with the Public Spread Requirement may require the approvals of the relevant authorities or the approval of the shareholders of Paragon Union. The actual course of action to be taken will depend on, among others, the circumstances as well as the prevailing market conditions at the relevant time.

You should also note that while the Offeror will work together with Paragon Union to rectify any shortfall in the Public Spread Requirement, there is no assurance that any such shortfall will be rectified within the stipulated timeframe. In this case, the Offeror and/or Paragon Union may apply to seek an extension of time from the relevant authorities to do so. Bursa Securities has the absolute right to grant an extension or reject the said application.

For the avoidance of doubt, any decision to rectify the shortfall in the Public Spread Requirement is subject to the Offeror and Ultimate Offeror continuing to retain collective equity interests of more than 50.00% in Paragon Union.

4.2 Compulsory acquisition

Section 222(1) of the CMSA provides that, where an offeror has:

- (i) made a take-over offer for all the shares or all the shares in any particular class in an offeree; and
- (ii) received acceptances of not less than nine-tenths in the value of the offer shares.

the offeror may, within 4 months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree by issuing a notice in the form or manner specified by the SC to such effect to all the Dissenting Holder provided that the notice is:

- (i) issued within 2 months from the date of achieving the conditions under Section 222(1)(a) and Section 222(1)(b) of the CMSA; and
- (ii) accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1)(a) of the CMSA provides that for the purpose of Section 222(1)(b) of the CMSA, the acceptances must not include shares already held at the date of the take-over offer by the offeror or persons acting in concert.

In this regard, if the Offeror receives acceptances of not less than nine-tenths in the value of the Offer Shares (excluding the Shares already held by the Offeror, Ultimate Offeror and any persons acting in concert on 22 January 2021, being the date of the Offer), **the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received on or before the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled.

4.3 Rights of Dissenting Holders

Notwithstanding the above, subject to Section 224 of the CMSA, Section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Offeror and Ultimate Offeror holding at least nine-tenths in value of all the Shares on or before the Closing Date, a Dissenting Holder may exercise his/her rights under Section 223(1) of the CMSA by serving a notice on the Offeror to require the Offeror to acquire his/her Offer Shares on the same terms as set out in this Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Holder.

In accordance with Section 224(3) of the CMSA, when a Dissenting Holder exercises his/her rights under Section 223(1) of the CMSA, the court may, on an application made by such Dissenting Holder or by the Offeror, order that the terms on which the Offeror must acquire such Offer Shares will be as the court thinks fit.

If the Offeror and Ultimate Offeror have acquired at least nine-tenths in value of all the Shares, Section 223(2) of the CMSA requires the Offeror to give the Dissenting Holders a notice within 1 month thereafter in the manner specified by the SC of the rights that are exercisable by the Dissenting Holders under Section 223(1) of the CMSA.

A notice to the Dissenting Holders under Section 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Holders, which must, in any event, be no less than 3 months after the Closing Date.

5. FINANCIAL RESOURCES OF THE OFFEROR

The Offeror confirms that the Offer will not fail due to the insufficient financial capability of the Offeror. The Offeror also confirms that every Accepting Holder will be paid in full by cash.

HLIB, being the principal adviser to the Offeror in respect of the Offer, is satisfied and confirms that the Offeror has sufficient financial resources to satisfy full acceptances of the Offer and the Offer will not fail due to insufficient financial capability of the Offeror and that every Holder who wishes to accept the Offer will be paid in full by cash.

6. FUTURE PLANS FOR THE GROUP AND ITS EMPLOYEES

As at the LPD, the Offeror and Ultimate Offeror have no knowledge of and have not entered into any negotiation or arrangement or understanding with any third party in relation to any significant change in the Group's business and assets or the shareholding structure of the Group.

The future plans disclosed below are the Offeror's and Ultimate Offeror's intention and they retain the flexibility at any time to consider any options which are in the best interest of the Group that may present itself.

6.1 Continuation of the Group's business

The Offeror and Ultimate Offeror do not have any plan or intention to liquidate any companies within the Group and intend to continue with the existing businesses and operations of the Group. Nevertheless, the Offeror and Ultimate Offeror will, from time to time, review the Group's businesses and operations and, if deemed appropriate, effect such appropriate rationalisation, reorganisation and/or arrangements with the aim of remaining competitive, sustainable or viable in the industry as well as improving the overall financial performance and prospects of the Group.

6.2 Major changes to the Group's business

The Offeror and Ultimate Offeror do not have any immediate plan to introduce any major change to the businesses of the Group.

Upon the completion of the Offer, the Offeror and Ultimate Offeror intend to work together with the directors and management of Paragon Union to decide on the strategic direction and business plans of the Group. This may include the Group undertaking one or more of the following:

- (i) strategic investments or acquisitions or joint ventures;
- (ii) reorganising or integrating its businesses or operations; or
- (iii) discontinuing operations which are deemed less viable to the Group.

The Offeror and Ultimate Offeror do not have any specific strategies or business plans at this juncture. Such strategies or business plans, if any, will be carried out after due deliberation by the Board of Paragon Union and in accordance with the Listing Requirements and other relevant guidelines and regulations. If the business plans involve a diversification in the operations carried out by Paragon Union as prescribed under Paragraph 10.13 of the Listing Requirements, whereby:

- (a) 25.00% or more of the net assets of Paragon Union is expected to be diverted to any other operation which differs widely from its current operations; or
- (b) the contribution from such an operation is expected to be 25.00% or more of the net profits of Paragon Union,

Paragon Union will seek the necessary approvals from its shareholders.

The above are the Offeror's and Ultimate Offeror's intentions as at the LPD and they retain the flexibility at all times to consider any option which is in the best interest of the Group that may present itself.

6.3 Employees of the Group

The Offeror and Ultimate Offeror do not have any plans to dismiss or make redundant any of the existing employees of the Group by way of a retrenchment exercise as a direct consequence of the Offer. Nevertheless, the Offeror and Ultimate Offeror may from time to time evaluate the workforce of the Group and may implement measures to improve operational efficiency and optimise staff productivity, subject always to decisions made by the Board of the Paragon Union in the best interest of Paragon Union. Such measures, if required, will be carried out in accordance with the relevant legislation and the terms of employment of the affected employees.

7. FINANCIAL AND OTHER CONSIDERATIONS OF THE OFFER

The Offer Price is equivalent to the highest price (excluding stamp duty and commission) paid by the Offeror and Ultimate Offeror in the 6 months before the beginning of the Offer Period, which is also the price paid by the Offeror for the Shares under the Acquisitions. In this regard, the Offer Price complies with Paragraph 6.03(1) of the Rules.

You are advised to consider, amongst others, the following considerations before making any decision on the Offer:

7.1 Historical market prices

The monthly highest and lowest closing market prices of the Shares, as traded on the Main Market of Bursa Securities, as well as the closing market price as at the end of each month for the 6-month period before the beginning of the Offer Period up to the LPD are as follows:

Month	High	Low	Closing price as at the end of the month
	(RM)	(RM)	(RM)
2020			
July	0.275	0.220	0.255
August	0.315	0.250	0.285
September	0.350	0.270	0.280
October	0.610	0.270	0.435
November	0.570	0.390	0.540
December	0.710	0.500	0.670
2021			
January	1.380	0.620	1.220
February (up to LPD)	1.330	1.200	1.240

During the 6 months before the beginning of the Offer Period and up to the LPD:

- (a) the highest closing market price of the Shares was RM1.380, being the closing market price on 26 January 2021; and
- (b) the lowest closing market price of the Shares was RM0.220, being the closing market price on 14 July 2020, 17 July 2020 and 29 July 2020.

(Source: Bloomberg L.P.)

7.2 Premium/Discount to market prices

The Offer Price represents a premium over/discount to the following market prices of the Shares:

		Share price	Premium/ (Discount)	
		(RM)	(RM)	(%)
Before the Notice:				
(i)	Last transacted price of the Shares as at the Last Trading Day	1.05	(0.50)	(47.6)
(ii)	VWAMP of the Shares up to and including the Last Trading Day:			
(a)	5-day	1.02	(0.47)	(46.1)
(b)	1-month	0.89	(0.34)	(38.2)
(c)	3-month	0.68	(0.13)	(19.1)
(d)	6-month	0.64	(0.09)	(14.1)
(e)	1-year	0.63	(0.08)	(12.7)
Before this Offer Document:				
(i)	Last transacted price of the Shares as at the LPD	1.24	(0.69)	(55.6)
(ii)	5-day VWAMP of the Shares up to and including the LPD	1.26	(0.71)	(56.3)

(Source: Bloomberg L.P.)

7.3 PER

The PER of Paragon Union, based on the Offer Price are set out below:

	EPS (sen)	PER (times)
Based on the audited basic EPS of Paragon Union Group for FYE 31 December 2019	4.35 ⁽¹⁾	12.64
Based on the unaudited basic EPS of Paragon Union Group for the 9-month financial period ended 30 September 2020	-(⁽²⁾)	-

Notes:

- (1) Excluding a one-off settlement of RM13.00 million, there would be a loss per Share of RM0.16.
- (2) The Group incurred losses after taxation of RM5.40 million, which represents a loss per Share of RM0.08.

7.4 PBR

The PBR of Paragon Union, based on the Offer Price are set out as below:

	NA per Share (RM)	PBR (times)
Based on the audited NA (attributable to equity holders) per Share of Paragon Union Group as at 31 December 2019	0.66	0.83
Based on the unaudited NA (attributable to equity holders) per Share of Paragon Union Group as at 30 September 2020	0.57	0.96

8. INFORMATION ON THE OFFEROR AND ULTIMATE OFFEROR

8.1 Information on the Offeror

8.1.1 AKK

AKK was incorporated in Malaysia under the Act on 30 October 2020 as a private limited company. AKK is principally an investment holding company.

As at the LPD, the total issued share capital of AKK is RM100,000 comprising 100,000 ordinary shares and the sole shareholder and director of AKK is Koon Hoi Chun.

Further information on AKK is set out in Appendix III.

8.2 Information on the Ultimate Offeror

8.2.1 Koon Hoi Chun

Koon Hoi Chun, a Malaysian, aged 41, is currently the sole shareholder and director of the Offeror. He is also a substantial shareholder and Managing Director of Technovate Holdings Sdn Bhd, and through other companies that he owns, is involved in the waste management of industrial waste, which includes recycling and processing industrial waste and metal scraps into ingots, as well as in sale and marketing of the processed products and related products.

He graduated with a Bachelor of Art Degree in Business and Marketing from University of Central England Birmingham in 2001. Upon graduation, he joined Press Metal UK Ltd as a Sales and Marketing Executive, where he was in charge of the sales of aluminium scaffolding and ladders throughout the United Kingdom. From 2003 to 2009, as Marketing Manager in PMB Marketing (HK) Ltd, a company franchising fashion brands from Spain, he was in charge of all promotional activities and advertising campaigns for stores located in China. From 2009 to 2015, as General Manager in PMB Marketing Sdn Bhd, he oversaw the expansion of another franchised fashion brand from Spain. In 2015, he left PMB Marketing Sdn Bhd and co-founded and oversaw the operations of KYH Trading Sdn Bhd. The company focuses on collecting, sorting and cleaning industrial waste and metal scraps, namely aluminium and copper and selling them to international markets in most ASEAN countries, Bangladesh and Africa region. On 1 January 2020, he ventured into the processing of the industrial waste and metal scraps into ingots, through Technovate Holdings Sdn Bhd.

Further information on Koon Hoi Chun is set out in Appendix IV.

9. RESPONSIBILITY STATEMENT

This Offer Document has been reviewed and approved by the director of the Offeror who is also the Ultimate Offeror, who accepts full responsibility for the accuracy of the information contained in this Offer Document. He confirms that he has taken reasonable care to ensure that the facts stated and opinions expressed in this Offer Document are fair and accurate and, after having made all reasonable inquiries, to the best of his knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no false or misleading statements or other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document false or misleading.

Information on Paragon Union in this Offer Document has been extracted from publicly available sources and/or provided by the management of Paragon Union. The responsibilities of the Offeror and the Ultimate Offeror are therefore restricted to the accurate reproduction of such relevant information on the Offeree in this Offer Document.

HLIB acknowledges that, based on all available information and to the best of our knowledge and belief, this Offer Document constitutes a full and true disclosure of all material facts concerning the Offer.

10. FURTHER INFORMATION

For further information, please refer to the appendices of this Offer Document which form part of this Offer Document.

YOU SHOULD CONSIDER THE CONTENTS OF THIS OFFER DOCUMENT IN ITS ENTIRETY WELL AS THE INDEPENDENT ADVICE CIRCULAR TO BE ISSUED AND THE RECOMMENDATION IN THE INDEPENDENT ADVICE CIRCULAR BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.

IF YOU INTEND TO ACCEPT THE OFFER, YOU MUST COMPLETE AND SIGN THE ACCOMPANYING FORM OF ACCEPTANCE AND TRANSFER ACCORDING TO ITS INSTRUCTIONS. SPECIFIC INSTRUCTIONS FOR NON-RESIDENT HOLDERS ON ACCEPTING THE OFFER ARE SET OUT IN SECTION 3 OF APPENDIX II OF THIS OFFER DOCUMENT.

YOU DO NOT NEED TO TAKE ANY ACTION IF YOU DECIDE NOT TO ACCEPT THE OFFER.

Yours faithfully,
For and on behalf of
HONG LEONG INVESTMENT BANK BERHAD

PHANG SIEW LOONG
Head, Equity Markets
Investment Banking

TAN TAI KIM
Senior Vice President, Corporate Finance
Investment Banking

OTHER TERMS AND CONDITIONS OF THE OFFER

1. WARRANTIES

The Offeror will acquire the Offer Shares based on the receipt of Valid Acceptances. A Valid Acceptance will be deemed to constitute an irrevocable and unconditional warranty by you that the Offer Shares, to which the Valid Acceptance relates, are sold:

- (i) free from all moratoriums, claims, charges, liens, pledges, encumbrances, options, rights of pre-emption, third party rights and equities from the date of the Valid Acceptance; and
- (ii) with all attached rights, benefits and entitlements, including the right to all Distributions declared, paid or made on or after the date of the Notice, subject to the adjustments referred to in Section 2.1 of the main letter of this Offer Document.

2. DURATION OF THE OFFER**(i) Original duration**

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 8 March 2021, being the First Closing Date which is at least 21 days from the Posting Date, or such later dates as the Offeror may decide and revised in accordance with the Rules and the terms and conditions of this Offer Document HLIB may announce on behalf of the Offeror, unless the Offeror withdraws the Offer with the SC's written approval and in such event, every person shall be released from any obligation incurred under the Offer.

Where a competing take-over offer is made at any time between the Posting Date and the Closing Date, the Posting Date will be deemed to be the date the competing take-over offer document is posted.

(ii) Revision of the Offer

If the Offer is revised after the Posting Date, the Offeror shall announce such revision together with the revised Offer Price and, where applicable, the price paid or agreed to be paid and the number of Offer Shares purchased or agreed to be purchased, which led to the revision. The Offeror shall post the written notification of the revised take-over offer to all Holders, including those who have accepted the original take-over offer, no later than the 46th day from the date of the offer document. The revised Offer will remain open for acceptances for a period of at least 14 days from the date of posting of the written notification of the revision to the Holders. Where any of the terms of the Offer are revised, the benefits of the revised terms of the Offer will be made available to Holders who have previously accepted the Offer.

The Offeror may not revise the Offer after 2 April 2021, being the 46th day from the Posting Date or the date the offer document of the competing take-over offer was posted, if any.

(iii) Extension of the Offer

Any extension of the date and time for acceptance of the Offer by the Offeror will be announced by HLIB, on behalf of the Offeror, at least 2 days before the Closing Date. Such announcement will state the next Closing Date of the Offer. Notice of such extension or revision will be posted to you accordingly.

OTHER TERMS AND CONDITIONS OF THE OFFER (Cont'd)

(iv) Closing of the Offer

As the Offer is unconditional as to acceptances, the Closing Date will not be later than 16 April 2021, being the 60th day from the Posting Date.

The Offer will be deemed to be closed before the Closing Date if the Offeror has received acceptances for all the Offer Shares and the Offeror has made an announcement in accordance with Section 5(i) of this Appendix.

3. RIGHTS OF WITHDRAWAL BY AN ACCEPTING HOLDER

- (i) All Valid Acceptances of the Offer by you **ARE IRREVOCABLE** as the Offer is unconditional as to acceptances. However, you are entitled to withdraw your acceptance if the Offeror fails to comply with any of the requirements set out in Section 5(i) of this Appendix by the close of trading of Bursa Securities on the Relevant Day.
- (ii) Notwithstanding Section 3(i) of this Appendix, the SC may terminate the right of withdrawal not less than 8 days from the Offeror complying with the requirements of Section 5(i) of this Appendix, provided that the expiry of the 8-day period from the Relevant Day does not fall after 16 April 2021, being the 60th day from the Posting Date.
- (iii) However, if you have already withdrawn your acceptance pursuant to Section 3(i) of this Appendix, your rights will not be prejudiced by the termination of such right of withdrawal by the SC.

4. WITHDRAWAL OF THE OFFER BY THE OFFEROR

The Offeror may only withdraw the Offer with the prior written consent of the SC. In such event, every person will be released from all obligations incurred under the Offer.

5. ANNOUNCEMENT OF ACCEPTANCES

- (i) The Offeror will inform the SC in writing and announce via Bursa LINK, or by way of a press notice where relevant, before 9.00 a.m. (Malaysian time) on the Relevant Day, the following information:
 - (a) the status of the Offer, that is, as to whether the Offer is closed, revised or extended; and
 - (b) the total number of Offer Shares:
 - (1) for which Valid Acceptances of the Offer have been received;
 - (2) held by the Offeror and Ultimate Offeror as at the Posting Date; and
 - (3) agreed to be acquired by the Offeror and Ultimate Offeror during the Offer Period but after the Posting Date,

and specifying the percentage of the total number of issued Shares represented by these numbers.

OTHER TERMS AND CONDITIONS OF THE OFFER (Cont'd)

- (ii) In computing the acceptances of the Offer Shares for announcement purposes, the Offeror may include or exclude acceptances which are not in order in all respects or which are subject to verification.
- (iii) References to the making of an announcement or the giving of notice by the Offeror include the following:
 - (a) the release of an announcement to the press by HLIB or the Offeror or their advertising agents, if applicable; or
 - (b) the delivery of or transmission by facsimile or Bursa LINK of an announcement to Bursa Securities.
- (iv) An announcement made otherwise than to Bursa Securities, if applicable, will be notified simultaneously to Bursa Securities.

6. PURCHASES IN THE OPEN MARKET

If the Offeror or Ultimate Offeror purchase and person acting in concert with them or agree to purchase the Offer Shares during the Offer Period at a consideration that is higher than the Offer Price, the Offeror will increase the consideration for the Offer to be at least equal to the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror or Ultimate Offeror for the Offer Shares during the Offer Period.

If the Offeror increases the Offer Price, Holders who have accepted the Offer before the revision in the Offer Price will be paid the revised Offer Price in cash.

7. GENERAL

- (i) All communications, notices, documents and payments to be delivered or sent to the Holders (or their designated agents, as they may direct), will be dispatched by ordinary mail to the Holder's registered Malaysian address in the record of depositors last maintained with Bursa Depository at their own risk.

Non-Resident Holders without registered Malaysian addresses maintained with Bursa Depository but who wish to receive communications, notices and documents in relation to the Offer should ensure that they have their foreign mailing addresses changed to a registered Malaysian address.

In any event, this Offer Document will be made available on the website of Bursa Securities at www.bursamalaysia.com upon issuance.

Unless the contrary is proved, delivery of any communication, notice, document or payment shall be presumed to be effected by properly addressing, prepaying and posting by ordinary mail, the communication, notice, document or payment and such delivery will be presumed to have been effected at the time when the document would have been delivered in the ordinary course of the mail.

- (ii) The Offer and all Valid Acceptances received under the Offer will be construed under and governed by the laws of Malaysia. The courts of Malaysia will have exclusive jurisdiction in respect of any proceedings brought in relation to the Offer.

OTHER TERMS AND CONDITIONS OF THE OFFER (Cont'd)

- (iii) You may accept the Offer in respect of all or part of your Offer Shares. However, your acceptance must not exceed your total holding of the Offer Shares, failing which the Offeror has the right to treat your acceptance as completely invalid. Nevertheless, the Offeror also reserves the right to treat any acceptance of a Holder exceeding his/her total holding of Offer Shares as valid for and to the extent of his/her total holding of Offer Shares.
- (iv) The Form of Acceptance and Transfer accompanying this Offer Document contains the following:
 - (a) provisions for the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or their appointed nominees (if any);
 - (b) instructions to complete the Form of Acceptance and Transfer; and
 - (c) other matters incidental to the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or their appointed nominees (if any).

No acknowledgement of receipt of the Form of Acceptance and Transfer will be issued.

- (v) All costs and expenses of or incidental to the preparation and posting of this Offer Document (other than professional fees and other costs relating to the Offer incurred by Paragon Union) will be borne by the Offeror.

You will bear all costs and expenses incidental to your acceptance of the Offer (other than the abovementioned costs and expenses), such as Malaysian stamp duties, Malaysian transfer fees and postage fees, if any.

For the avoidance of doubt, the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in any jurisdiction outside Malaysia or the payment of any levy for the repatriation of capital or income tax will not be borne by the Offeror.

- (vi) Any accidental omission to post this Offer Document and the Form of Acceptance and Transfer to any Holder will not invalidate the Offer in any way.

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT

1. PROCEDURES FOR ACCEPTANCE

1.1 To accept the Offer, you (either individuals or corporations) are required to take the following steps:

(i) Step 1: Obtain transfer documents

- (a) The Form of Acceptance and Transfer is enclosed with this Offer Document. You can also obtain a copy from the Share Registrar, whose contact details are stated in Section 1.9 of this Appendix. You may also download the Form of Acceptance and Transfer from the website of Bursa Securities at www.bursamalaysia.com.
- (b) Obtain the Bursa Depository Transfer Form from your ADA/ADM.

(ii) Step 2: Complete the transfer documents

Offer Shares already credited into your CDS account	Offer Shares purchased before the Closing Date but not yet credited into your CDS account as at the Closing Date ⁽¹⁾
(a) Complete and sign the Form of Acceptance and Transfer ⁽²⁾ .	Complete and sign the Form of Acceptance and Transfer ⁽²⁾ .
(b) Complete and sign the Bursa Depository Transfer Form according to the instructions printed on the reverse side of the Bursa Depository Transfer Form.	

Notes:

- (1) If you have purchased the Offer Shares before the Closing Date but the Offer Shares have yet to be credited into your CDS account as at the Closing Date, please obtain the contract note for the Offer Shares from your ADA/ADM as evidence of your beneficial ownership to the Offer Shares as at the Closing Date. You will be required to forward the contract note to the Share Registrar and follow the procedures set out in Section 1.1(iii) of this Appendix if you wish to accept the Offer.
- (2) If you are a corporation, you must affix your common seal which must be witnessed in accordance with your Constitution or other applicable regulations and signed on your behalf by an authorised officer or attorney.

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (Cont'd)

(iii) Step 3: Lodge the transfer documents

Offer Shares already credited into your CDS account	Offer Shares purchased before the Closing Date but not yet credited into your CDS account as at the Closing Date
<p>(a) Lodge the completed and signed Bursa Depository Transfer Form with your ADA/ADM on any Market Day before the Closing Date.</p> <p>The transfer request must be submitted by 3.30 p.m. (Malaysian time) to effect the transfer on the same Market Day provided that the request for the transfer is in compliance with the directions and the Rules of Bursa Depository.</p>	<p>(a) Lodge the completed and signed Form of Acceptance and Transfer and the contract note for the Offer Shares as evidence of beneficial ownership with the Share Registrar at the address stated in Section 1.9 of this Appendix by 5.00 p.m. (Malaysian time) on the Closing Date.</p>
<p>(b) Send the following to the Share Registrar at the address stated in Section 1.9 of this Appendix, by 5.00 p.m. (Malaysian time) on the Closing Date:</p> <p>(1) the completed and signed Form of Acceptance and Transfer; and</p> <p>(2) the depositor's copy of the Bursa Depository Transfer Form duly verified and acknowledged by your ADA/ADM.</p>	<p>(b) Once the Offer Shares have been credited into your CDS account, complete and sign the Bursa Depository Transfer Form according to the instructions printed on the reverse side of the form and lodge the completed and signed Bursa Depository Transfer Form with your ADA/ADM on any Market Day.</p> <p>The transfer request must be submitted by 3.30 p.m. (Malaysian time) to effect the transfer on the same Market Day provided that the request for the transfer is in compliance with the directions and the Rules of Bursa Depository.</p> <p>(c) Send the depositor's copy of the Bursa Depository Transfer form, duly verified and acknowledged by your ADA/ADM, to the Share Registrar at the address stated in Section 1.9 of this Appendix to arrive within 7 days from the Closing Date.</p>
	<p>The Offeror has the right to treat your acceptance as invalid if the depositor's copy of the Bursa Depository Transfer Form is not received by the Share Registrar within 7 days from the Closing Date.</p>

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (Cont'd)

- 1.2 If you intend to accept the Offer but for any reason your depositor's copy of the Bursa Depository Transfer Form duly verified and acknowledged by your ADA/ADM or other documents of title or the relevant contract notes for the Offer Shares is not readily available or is lost, you should nevertheless complete and send the Form of Acceptance and Transfer to the Share Registrar at the address stated in Section 1.9 of this Appendix by 5.00 p.m. (Malaysian time) on the Closing Date. You must then arrange to forward the depositor's copy of the Bursa Depository Transfer Form duly verified and acknowledged by your ADA/ADM and other documents of title or the relevant contract notes for the Offer Shares to the Share Registrar within 7 days from the Closing Date.
- 1.3 You do not need to take any action if you decide not to accept the Offer.
- 1.4 The Share Registrar will not issue any acknowledgement of the receipt of the Form and Acceptance and Transfer (or the depositor's copy of the Bursa Depository Transfer Form or other documents of title or the relevant contract notes for the Offer Shares). All acceptances and accompanying documents sent by post are at your own risk. Proof of time of postage is not proof of time of receipt by the Share Registrar.
- 1.5 If you fail to comply with any of the terms or conditions set out in this Appendix or the Form of Acceptance and Transfer, the Offeror may, at its discretion, consider that you have not accepted the Offer. The decision of the Offeror is final and binding.
- 1.6 You may obtain additional copies of this Offer Document and the accompanying Form of Acceptance and Transfer from:
- (i) the office of the Share Registrar, during normal business hours from 8.30 a.m. to 5.30 p.m. (Malaysian time), Mondays to Fridays (excluding public holidays), from the Posting Date up to the Closing Date; or
 - (ii) the website of Bursa Securities at www.bursamalaysia.com.
- 1.7 You should address all enquiries concerning the acceptance procedures for this Offer to the Share Registrar at the address or contact numbers stated in Section 1.9 of this Appendix.
- 1.8 Under Section 14(1) of the SICDA, Bursa Securities has prescribed the Shares as securities required to be deposited into the CDS. Therefore, all dealings in the Offer Shares that have been deposited into the CDS will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- 1.9 The details of the Share Registrar, whose normal business hours are from 8.30 a.m. to 5.30 p.m. (Malaysian time), Mondays to Fridays (excluding public holidays), are as follows:

Boardroom Share Registrars Sdn Bhd
(Registration No.: 199601006647 (378993-D))

11th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13
 46200 Petaling Jaya
 Selangor

Telephone no. : +603-7890 4700
 Facsimile no. : +603-7890 4670
 Email address : Alice.Tey@boardroomlimited.com

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (Cont'd)

- 1.10 Invalid acceptances will be returned by ordinary mail at your own risk within 14 days after the Closing Date or, where applicable, within 14 days of receipt of the depositor's copy of the Bursa Depository Transfer Form duly verified by the ADA/ADM and/or other documents of title, whichever is later.

2. METHOD OF SETTLEMENT

- 2.1 Other than the Offeror's right to reduce the Offer Price as set out in Section 2.1 of the main letter of this Offer Document, and except with the consent of the SC, which would only be granted in certain circumstances in which all Holders were to be treated similarly, the Offeror will settle the consideration in full in accordance with the terms of the Offer as set out in this Offer Document, without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Offeror may be entitled against the Accepting Holders. However, this is without prejudice to the Offeror's rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of the warranties as set out in Section 1 of Appendix I of this Offer Document.
- 2.2 If the Offeror deems the acceptance of the Offer to be complete and valid in all respects in accordance with the terms and conditions set out in this Offer Document, the settlement of the consideration for the Offer Shares will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be dispatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the registered Malaysian address last maintained with Bursa Depository at their own risk within 10 days from the date of the Valid Acceptances.
- 2.3 Non-Resident Holders are advised that the settlement for the acceptance of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by the respective financial institutions.
- 2.4 Invalid acceptances will be returned by ordinary mail at Holder's own risk within 14 days after the Closing Date or, where applicable, within 14 days of receipt of the depositor's copy of the Bursa Depository Transfer Form, duly verified by the ADA/ADM and/or other documents of title, whichever is later. At the same time, the Offeror will proceed to transfer the Offer Shares back into the Holder's CDS account.

3. NON-RESIDENT HOLDERS

All references to "you" in this section are to a Non-Resident Holder.

This Offer Document and all documents relating to the Offer have not been (and will not be) sent to Non-Resident Holders who do not have an address in Malaysia. If you are a Non-Resident Holder, and you wish to receive this Offer Document, you may provide an address in Malaysia to the Share Registrar for the delivery of this Offer Document. You may also collect this Offer Document from the Share Registrar. The Offeror will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia.

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (Cont'd)

3.1 Responsibility of a Non-Resident Holder

- (i) The making of the Offer to you is subject to and may be affected by the laws or regulations of your relevant jurisdiction. You should keep yourself informed about and observe any applicable legal requirements in your relevant jurisdiction.
- (ii) The Offer is being made for all the Offer Shares and is being made in Malaysia, as well as any other jurisdiction where the Offer is capable of being lawfully made in compliance with local laws or regulations.
- (iii) You may not treat this Offer Document, the Form of Acceptance and Transfer and any other Offer-related documentation as an invitation or offer to sell your securities or participate in the Offer in any jurisdiction other than Malaysia.
- (iv) If you wish to accept the Offer, you are solely responsible to satisfy yourself as to the full observance of the laws of your relevant jurisdiction and in Malaysia. You are also responsible for obtaining any governmental, exchange control or other consents which may be required, and complying with the necessary formalities and legal and regulatory requirements.
- (v) You will be responsible for the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in such jurisdiction. The Offeror, the Share Registrar and HLIB are entitled to be fully indemnified and held harmless by you for any transfer fees, taxes, duties, costs, expenses or other requisite payments which you may be required to pay.
- (vi) You should consult your professional advisers in the relevant jurisdiction on compliance with legal and other applicable requirements. In accepting the Offer, you represent and warrant to the Offeror, the Share Registrar and HLIB that:
 - (a) you are in full observance of the laws of your relevant jurisdiction;
 - (b) you have not received copies or originals of this Offer Document, the Form of Acceptance and Transfer or any other Offer related documentation in, into or from a Restricted Jurisdiction;
 - (c) you have not, in connection with the Offer or the execution or delivery of the Form of Acceptance and Transfer, utilised, directly or indirectly, the mails or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction;
 - (d) you are not accepting the Offer from a Restricted Jurisdiction and in accepting the Offer, you are in full compliance with all necessary formalities and legal requirements of your relevant jurisdiction; and
 - (e) you would not cause the Offeror, the Share Registrar and HLIB to be in breach of the laws of your relevant jurisdiction.

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (*Cont'd*)

3.2 Treatment of this Offer Document and/or the Form of Acceptance and Transfer in relation to a Non-Resident Holder

- (i) The release, publication or distribution of this Offer Document, the Form of Acceptance and Transfer and any other Offer-related documentation in any jurisdiction other than Malaysia may be affected by the laws or regulations of your relevant jurisdiction. You should keep yourself informed about and observe any applicable legal requirements in your relevant jurisdiction.
- (ii) The Offer is not being extended, and will not be extended directly or indirectly, in or into, or by use of mails or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within such Restricted Jurisdiction (unless otherwise determined by the Offeror). Accordingly, copies of this Offer Document, the Form of Acceptance and Transfer and any other Offer related documentation are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction.
- (iii) You (including, without limitation, your custodians, nominees and trustees) must not, in connection with the Offer, distribute or send this Offer Document, the Form of Acceptance and Transfer and any other Offer-related documentation into any Restricted Jurisdiction. If you or your agent or nominee receives this Offer Document, the Form of Acceptance and Transfer and any other Offer-related documentation in such Restricted Jurisdiction, the Offer may be deemed invalid and may not be accepted.
- (iv) Your acceptance may be invalid and disregarded unless you have fully complied with the laws of your relevant jurisdiction. If you forward this Offer Document, the Form of Acceptance and Transfer and any other Offer-related documentation into any Restricted Jurisdiction, whether because of a contractual or legal obligation or otherwise, you must inform the recipient of the contents of this section. The Offeror reserves the right to reject a purported acceptance of the Offer from any Non-Resident Holder in any Restricted Jurisdiction.

3.3 Reservation of right over acceptance by Non-Resident Holder

The Offeror reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes such acceptance may violate applicable legal or regulatory requirements. However, the Offeror reserves the right to permit your acceptance of the Offer in circumstances where the Offeror is satisfied that your acceptance will not constitute a breach of any securities or other relevant legislation or impose any obligations on the Offeror not contemplated by the Offer.

3.4 Procedures for acceptance for Non-Resident Holder

The procedures for acceptance of the Offer as set out in Section 1 of this Appendix also apply to you.

3.5 Method of settlement for Non-Resident Holder

The method of settlement as set out in Section 2 of this Appendix also applies to you.

PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT (*Cont'd*)

This Offer is made in compliance with the laws of Malaysia only. As such, this Offer Document and the Form of Acceptance and Transfer only comply with Malaysian laws. The Offeror, the Share Registrar and HLIB will not accept any responsibility or liability if any acceptance of the Offer by a Non-Resident Holder is or becomes illegal, unenforceable, voidable or void in such countries or jurisdictions outside Malaysia.

Non-Resident Holders should therefore immediately consult their professional advisers in relation to the observance of the above and any other applicable laws. Non-Resident Holders will be responsible for payment of any fee or commission that may be required in connection with their acceptance of the Offer or remittance of any amount due to them and must keep the Offeror, the Share Registrar and HLIB indemnified for the payment of such fee or commission. Please refer to Section 3 of this Appendix for further information.

INFORMATION ON THE OFFEROR

1. AKK**1.1 History and business**

AKK was incorporated in Malaysia under the Act on 30 October 2020 as a private limited company. AKK is principally an investment holding company.

1.2 Share capital

As at the LPD, the issued share capital of AKK is RM100,000 comprising 100,000 ordinary shares.

1.3 Shareholder and Director

The Ultimate Offeror is the sole shareholder and director of AKK.

1.4 Subsidiaries and associated companies

As at the LPD, save for the direct interest held by AKK in Paragon Union pursuant to the Acquisitions, AKK does not have any other subsidiary or associated company.

1.5 Profit and dividend record

As at the LPD, there has been no record on the profit and dividend of AKK since AKK's incorporation.

1.6 Statement of assets and liabilities

As at the LPD, there has been no record on the statement of assets and liabilities of AKK since AKK's incorporation.

1.7 Material changes in financial position

As at the LPD, save for the Acquisitions, there are no material changes in the financial position of AKK since AKK's incorporation.

1.8 Accounting policies

The financial accounts will be prepared based on the approved Malaysian accounting standards.

In view that AKK was incorporated on 30 October 2020, there has been no record of audited financial statements of AKK.

INFORMATION ON THE ULTIMATE OFFEROR

1. KOON HOI CHUN

Nationality : Malaysian

Address : 35, Jalan U2/50A
Off Persiaran Golf
40150, Shah Alam
Selangor

Date of birth : 24 November 1979

Profile

Koon Hoi Chun, a Malaysian, aged 41, is currently the sole shareholder and director of the Offeror and a substantial shareholder and Managing Director of Technovate Holdings Sdn Bhd, and through other companies that he owns, is involved in the waste management of industrial waste, which includes recycling and processing industrial waste and metal scraps into ingots, as well as in sale and marketing of the processed products and related products.

He graduated with a Bachelor of Art Degree in Business and Marketing from University of Central England Birmingham in 2001. Upon graduation, he joined Press Metal UK Ltd as a Sales and Marketing Executive, where he was in charge of the sales of aluminium scaffolding and ladders throughout the United Kingdom. From 2003 to 2009, as Marketing Manager in PMB Marketing (HK) Ltd, a company franchising fashion brand from Spain, he was in charge of all promotional activities and advertising campaigns for stores located in China. From 2009 to 2015, as General Manager in PMB Marketing Sdn Bhd, he oversaw the expansion of another franchised fashion brand from Spain. In 2015, he left PMB Marketing Sdn Bhd and co-founded and oversaw the operations of KYH Trading Sdn Bhd. The company focuses on collecting, sorting and cleaning industrial waste and metal scraps, namely aluminium and copper and selling them to international markets in most ASEAN countries, Bangladesh and Africa region. On 1 January 2020, he ventured into the processing of the industrial waste and metal scraps into ingots, through Technovate Holdings Sdn Bhd.

Directorship and/or shareholding in other public listed companies

As at the LPD, Koon Hoi Chun does not hold any directorship and/or substantial shareholdings in other public listed companies in Malaysia other than his substantial shareholding interest in Paragon Union.

ADDITIONAL INFORMATION

1. DISCLOSURE OF INTERESTS IN THE SHARES**1.1 By the Offeror and Ultimate Offeror**

As at the LPD, the interests of the Offeror and Ultimate Offeror in Paragon Union are as follows:

Name	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror:				
AKK	39,979,794	60.41	-	-
Ultimate Offeror:				
Koon Hoi Chun	-	-	39,979,794	60.41 ⁽²⁾

Notes:

(1) Excluding treasury shares of 3,821,100 of which 2,969,360 will vest and be part of the Offer Shares upon issuance of this Offer Document, of which the equity interest of the Offeror will be diluted to 57.82%.

(2) Deemed interest in the Shares held by AKK pursuant to Section 8(4) of the Act.

1.2 By the director of the Offeror

The Ultimate Offeror is the sole director of the Offeror, and his indirect shareholding in Paragon Union is as disclosed in item 1.1 of this Appendix V.

1.3 By persons who have irrevocably committed to accept or reject the Offer

As at the LPD, the Offeror, Ultimate Offeror or any persons acting in concert with them have not received any irrevocable commitments from any Holder to accept or reject the Offer.

1.4 By persons who with whom the Offeror has any arrangement over the Offer Shares

As at the LPD, the Offeror, Ultimate Offeror or any persons acting in concert with them have not entered into any arrangement including any arrangement involving rights over shares, any indemnity arrangement, and any arrangement or understanding, formal or informal, of whatever nature, relating to the Offer Shares which may be an inducement to deal or to refrain from dealing with the Offer Shares.

1.5 By persons with whom the Offeror has borrowed or lent

As at the LPD, the Offeror, Ultimate Offeror or any persons acting in concert with them have not borrowed or lent any voting shares or convertible securities of Paragon Union from or to any person.

1.6 By person(s) acting in concert

As at the LPD, there is no person(s) acting in concert with the Offeror and Ultimate Offeror in relation to the Offer.

ADDITIONAL INFORMATION (Cont'd)

2. DEALINGS IN THE SHARES

Save for the Acquisitions, the Offeror, Ultimate Offeror or any persons acting in concert with them have not dealt in the Shares during the 6 months before the beginning of the Offer Period and up to the LPD.

3. MATERIAL CHANGES IN THE FINANCIAL POSITION OR PROSPECTS OF THE OFFEREE

The Offeror is not aware of any material change in the financial position or prospects of Paragon Union subsequent to its latest audited consolidated financial statements for the FYE 31 December 2019 other than as disclosed in the announcements made by Paragon Union on Bursa Securities, including the quarterly financial results of the Group.

4. GENERAL DISCLOSURES

- (i) As at the LPD, there are no benefits which will be given to any director of Paragon Union as compensation for loss of office or otherwise in connection with the Offer.
- (ii) As at the LPD, save for the Acquisitions, there is no agreement, arrangement or understanding that exists between the Offeror, Ultimate Offeror or any persons acting in concert with them and any of the directors or recent directors of Paragon Union (being a person who was, during the period of 6 months prior to the beginning of the Offer Period, a director of Paragon Union), Holders or recent holders of voting shares or voting rights of Paragon Union (being a person who was, during the period of 6 months immediately before the beginning of the Offer Period, a holder of voting shares or voting rights) having any connection with or dependence upon the Offer.
- (iii) As at the LPD, there is no agreement, arrangement or understanding entered into by the Offeror, Ultimate Offeror or any persons acting in concert with them whereby any Offer Shares acquired under the Offer will be transferred to any other person.
- (iv) All the Offer Shares accepted under the Offer will be registered in the name of AKK and, subject to compliance with all applicable laws, may be subsequently transferred among its appointed nominees, if any, after the Closing Date.

5. CONSENTS

HLIB, the Independent Adviser and the Share Registrar have given their respective written consents for the inclusion of their names and all references to them in the form and context in which they appear in this Offer Document and have not subsequently withdrawn their respective consents before the posting of this Offer Document.

ADDITIONAL INFORMATION (*Cont'd*)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents relating to the Offer are available for inspection at the Share Registrar's office at 11th floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Lim, Seksyen 13, 46200, Petaling Jaya, Selangor during normal business hours from Mondays to Fridays (except public holidays) from the Posting Date up to and including the Closing Date:

- (i) the Notice;
- (ii) a copy of the letter from the SC dated 11 February 2021 in respect of its notification that it has no further comments to this Offer Document; and
- (iii) the letters of consent referred to in Section 5 of this Appendix.

FORM OF ACCEPTANCE AND TRANSFER FOR THE OFFER SHARES

TO BE COMPLETED BY PERSONS WHO WISH TO ACCEPT THE OFFER (AS DEFINED BELOW)

THIS FORM OF ACCEPTANCE AND TRANSFER FOR THE OFFER SHARES (AS DEFINED BELOW) ("FORM") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS FORM IS TO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 15 FEBRUARY 2021 ISSUED BY HONG LEONG INVESTMENT BANK BERHAD ("HLIB") ON BEHALF OF THE OFFEROR (AS DEFINED BELOW) ("OFFER DOCUMENT").

You should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if you have any doubt as to the action to be taken.

Unless the context otherwise requires or otherwise defined in this Form, the definitions contained in the Offer Document shall also apply this Form.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed the ordinary shares in Paragon Union as securities which are required to be deposited into the CDS. Therefore, all dealings in the securities of Paragon Union that have been deposited into the CDS will be carried out in accordance with the SICDA and the Rules of Bursa Depository.

If you intend to accept the Offer, you should complete and sign this Form in accordance with the instructions contained in this Form and the Offer Document. **YOU DO NOT NEED TO TAKE ANY ACTION IF YOU DECIDE NOT TO ACCEPT THE OFFER.**

If you have sold or transferred all your Offer Shares, you should hand this Form and the accompanying Offer Document immediately to the person through whom you have effected the sale or transfer for transmission to the purchaser or transferee.

UNCONDITIONAL MANDATORY TAKE-OVER OFFER

BY

AKK CAPITAL SDN BHD

(Registration No. 202001034960 (1391281-K))

(Incorporated in Malaysia)

THROUGH



Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

TO ACQUIRE

ALL THE REMAINING ORDINARY SHARES IN PARAGON UNION (EXCLUDING TREASURY SHARES) NOT ALREADY OWNED BY THE OFFEROR AND ULTIMATE OFFEROR ("OFFER SHARES") FOR A CASH OFFER PRICE OF RM0.55 FOR EACH OFFER SHARE ("OFFER")

For Holders whose Offer Shares are deposited in your CDS account, if you wish to accept the Offer, please refer to note 1(A) of this Form.

For Holders who have purchased the Offer Shares before the Closing Date but the Offer Shares have not been credited into your CDS account, if you wish to accept the Offer, please refer to note 1(D) of this Form.

For Non-Resident Holders, if you wish to accept the Offer, please refer to note 1(E) of this Form.

Acceptances of the Offer Shares must be received by **5.00 p.m. (Malaysian time) on Monday, 8 March 2021**, being the First Closing Date or such other later dates as the Offeror may decide and HLIB may announce on behalf of the Offeror at least 2 days before the Closing Date (as defined in the Offer Document). Subject to the provisions of the Rules, the Offeror may extend the date and time for the acceptance of the Offer beyond the First Closing Date. Notice of any such extension will be posted to you accordingly.

NOTES REGARDING THE COMPLETION AND LODGEMENT OF THIS FORM

If you are an individual, you must, except as mentioned below, personally sign this Form. If you are a corporation, you must execute this Form under your common seal. The common seal must be affixed and witnessed in accordance with your constitution or other regulations and signed on your behalf by an authorised officer or attorney.

To avoid inconvenience and delay to yourself, use the following points to assist you:

1. (A) If your Offer Shares are deposited in your CDS account

To accept the Offer, you are required to:

- (i) Complete and sign this Form;
- (ii) Complete and sign the Bursa Depository Transfer Form, which can be obtained from your ADA/ADM, in accordance with the instructions printed on the reverse side of the Bursa Depository Transfer Form;
- (iii) Complete in full the following particulars as contained in the Bursa Depository Transfer Form:
 - (a) Particulars of the securities;
 - (b) Particulars of the depositor;
 - (c) Particulars of the witness;
 - (d) Particulars of the transferee as appearing below; and
 - (e) Category and approved reason for transfer as appearing below.

For (d) and (e) above, you are requested to complete the particulars on the transferee as follows:

CDS account no.	: 069850626
Name of transferee	: AKK Capital Sdn Bhd
Category of transfer	: To cross (×) on category B only (change in beneficial ownership)
Reason for transfer	: To cross (×) on category B1 only (take-over offer)

- (iv) Proceed to lodge the completed and signed Bursa Depository Transfer Form with your ADA/ADM for the transfer of the Offer Shares under the CDS account on any Market Day before the Closing Date.

The transfer request must be submitted by 3.30 p.m. (Malaysian time) to effect the transfer on the same Market Day provided that the request for the transfer is in compliance with the directions and the Rules of Bursa Depository; and

- (v) Enclose the following:
 - (a) the depositor's copy of the Bursa Depository Transfer Form (with the details of the reference number to be issued by Bursa Depository for the transfer, as evidence that the transfer has been effected), duly verified and acknowledged by your ADA/ADM; and

NOTES REGARDING THE COMPLETION AND LODGEMENT OF THIS FORM (Cont'd)

(b) this completed and signed Form;

and despatch by ordinary mail at your own risk or deliver by hand, so as to arrive **not later than 5.00 p.m. (Malaysian time) on Monday, 8 March 2021**, being the First Closing Date, or such later dates as the Offeror may decide and HLIB may announce on behalf of the Offeror at least 2 days before the Closing Date, to the Share Registrar at the following address:

Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

Telephone no. : +603-7890 4700
Facsimile no. : +603-7890 4670
Email address : Alice.tey@boardroomlimited.com

The Share Registrar will not issue any acknowledgement of the receipt of this Form (or the depositor's copy of the Bursa Depository Transfer Form or other documents of title or the relevant contract note for the Offer Shares). Proof of time of postage is not proof of time of receipt by the Share Registrar.

A return envelope is hereby enclosed for your convenience.

(B) If the Holder is away from his/her registered address and this Form is received by an agent of the Holder

The agent of the Holder should send this Form by the quickest means (e.g. courier or express post) to the Holder for execution or, if he/she has executed a Power of Attorney, have this Form signed by the attorney and accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". In the latter case, the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised and recognised as valid in Malaysia, should be enclosed with this Form for noting and lodged with the Share Registrar at the address stated in note 1(A)(v) above.

The Holder should then proceed to perform the procedures as set out in note 1(A) above. No other signature is acceptable.

In the event that this Form for the Offer Shares, the Offer Document or other documents related to this Offer are sent or transmitted to a Holder of the Offer Shares in any other jurisdiction other than Malaysia, reference should be made to Section 3 of Appendix II of the Offer Document which shall apply equally to the Holder of the Offer Shares.

(C) If the Holder is deceased

To accept the Offer, the duly completed Form of Notification of Death of Depositor ("**Form of Notification**") as prescribed by the Rules of Bursa Depository must be submitted to Bursa Depository and the transfer of the Offer Shares from the CDS account of the deceased to the CDS account of the executor or administrator of the deceased's estate must be effected by Bursa Depository.

NOTES REGARDING THE COMPLETION AND LODGEMENT OF THIS FORM (Cont'd)

This Form must be signed by the executor or administrator of the deceased's estate named in the Form of Notification to whom the Offer Shares have been effectively transferred by Bursa Depository and who is registered as the Holder, and the procedures set out in note 1(A) above will then be applicable.

(D) If you have purchased the Offer Shares before the Closing Date but the Offer Shares have not been credited into your CDS account

To accept the Offer, you should forward this completed Form together with the relevant contract note for the Offer Shares as evidence of your beneficial ownership of the Offer Shares to the Share Registrar at the address stated in note 1(A)(v) above, so as to arrive not later than 5.00 p.m. (Malaysian time) on the Closing Date.

You must then perform the procedures as set out in notes 1(A)(ii) and (iii) above.

Once the Offer Shares have been credited into your CDS account, you must perform the procedure as set out in note 1(A)(iv) above and then forward the depositor's copy of the Bursa Depository Transfer Form, duly verified and acknowledged by your ADA/ADM, to the Share Registrar at the address stated in note 1(A)(v) above so as to arrive within 7 days from the Closing Date.

The Offeror has the right to deem your acceptance as invalid if the depositor's copy of the Bursa Depository Transfer Form is not received by the Share Registrar for the Offer within 7 days from the Closing Date.

(E) If you are a Non-Resident Holder

To accept the Offer, the procedures set out below and in note 1(A) above are applicable to Non-Resident Holders. You should also refer to Section 3 of Appendix II of the Offer Document.

If you wish to accept the Offer, you are solely responsible to satisfy yourself as to the full observance of the laws of the relevant jurisdiction where you reside and in Malaysia in connection with the Offer, including without limitation the following:

- (i) receipt of cash payment in Ringgit Malaysia by you;
- (ii) repatriation of any monies by you out of Malaysia;
- (iii) obtaining of any governmental, exchange control or other consents which may be required;
- (iv) compliance with the necessary formalities needing to be observed; and
- (v) payment of any costs relating to the transfer or other taxes or duties due in such jurisdiction.

You will be solely responsible for the payment of any transfer fees or taxes or other requisite payments due in such jurisdiction. The Offeror, the Share Registrar and HLIB will be fully indemnified and held harmless by you for any transfer fees or taxes or other requisite payments which you may be required to pay.

If you receive a copy of the Offer Document and this Form in any jurisdiction other than Malaysia, you may not:

- (i) treat the same as constituting an invitation or offer to sell securities or participate in the Offer;

NOTES REGARDING THE COMPLETION AND LODGEMENT OF THIS FORM (Cont'd)

- (ii) use this Form if, in the relevant jurisdiction, such an invitation or offer cannot lawfully be made to you; or
- (iii) use this Form unlawfully by contravening any relevant legislation or other legal requirements.

In such circumstances, the Offer Document and this Form are sent **for information only** and any use or acceptance of the Offer Document and this Form may be invalid and disregarded.

- 2. You must complete this Form in English or Bahasa Malaysia. The completed Form should be submitted to the Share Registrar at the address stated in note 1(A)(v) above in its entirety.
- 3. Please type or write clearly in ink using **BLOCK LETTERS**. Forms defaced by erasures or any kind of correcting fluid may be rejected at the absolute discretion of the Offeror. Amendments must be clearly legible and should be countersigned by you.
- 4. You may obtain additional copies of this Form from the office of the Share Registrar at the address stated in note 1(A)(v) above, during normal business hours, i.e. from 8.30 a.m. (Malaysian time) to 5.30 p.m. (Malaysian time) on Monday to Friday (excluding public holidays in Malaysia), from the Posting Date up to the Closing Date. You may also download this Form from the website of Bursa Securities at www.bursamalaysia.com.
- 5. Further instructions are contained in Appendix II of the Offer Document.
- 6. If you fail to comply with any of the terms and conditions pertaining to the acceptance of the Offer as set out in this Form and the Offer Document, the Offeror may, at its discretion, consider that you have not accepted the Offer. The decision of the Offeror is final and binding.

SETTLEMENT OF THE CASH CONSIDERATION UNDER THE OFFER CANNOT BE MADE UNTIL ALL RELEVANT DOCUMENTS HAVE BEEN PROPERLY COMPLETED, SIGNED AND LODGED WITH THE SHARE REGISTRAR, BOARDROOM SHARE REGISTRARS SDN. BHD., AT THE ADDRESS STATED IN NOTE 1(A)(V) ABOVE BY THE CLOSING DATE. ALL DOCUMENTS SENT TO THE SHARE REGISTRAR WILL BE AT YOUR OWN RISK.

THE LATEST TIME AND DATE FOR THE LODGEMENT OF THIS SIGNED AND COMPLETED FORM (TOGETHER WITH THE DEPOSITOR'S COPY OF THE BURSA DEPOSITORY TRANSFER FORM DULY VERIFIED AND ACKNOWLEDGED BY YOUR ADA/ADM, AN ACKNOWLEDGEMENT OF TRANSFER ISSUED BY YOUR ADA/ADM AND, WHERE APPLICABLE, OTHER DOCUMENTS OF TITLE OR THE RELEVANT CONTRACT NOTES FOR THE OFFER SHARES) IS AT 5.00 P.M. (MALAYSIAN TIME) ON THE CLOSING DATE, SUBJECT TO NOTE 1(D) ABOVE, IF YOUR OFFER SHARES HAVE YET TO BE CREDITED INTO YOUR CDS ACCOUNT.

FORM OF ACCEPTANCE AND TRANSFER FOR THE OFFER SHARES

To: AKK Capital Sdn Bhd

Dear Sir/Madam,

In accordance with the terms and conditions of the Offer Document dated 15 February 2021, I/we hereby accept the Offer made by the Offeror through Hong Leong Investment Bank Berhad in respect of _____ (number of units) of my/our ordinary shares in Paragon Union Berhad in consideration of a cash payment of RM0.55 for each Offer Share⁽¹⁾ hereby transferred by me/us. I/We hereby agree that the total consideration to be paid for my/our Offer Shares will be calculated based on the figure rounded down to the nearest sen, where applicable.

I/We enclose herewith the depositor's copy of the Bursa Depository Transfer of Securities Request Form (FTF010):

Transfer reference no. : - - -

duly verified and acknowledged by my/our ADA/ADM, together with the Power of Attorney⁽²⁾/transfer notice issued by Bursa Depository evidencing the transfer of the Offer Shares from the deceased's CDS account to my/our CDS account, as the executor or administrator⁽³⁾/contract note(s) no.(s)⁽⁴⁾ _____ and/or other relevant document(s) which is/are required to effect the transfer of the Offer Shares.

I/We confirm that (a) I am/we are not Non-Resident Holder(s); or (b) I am/we are Non-Resident Holder(s) who are able to give the representations and warranties set out in Section 3.1(vi) of Appendix II of the Offer Document.⁽⁵⁾

PLEASE ENSURE THAT THE INFORMATION PROVIDED IN THIS FORM IS THE SAME AS STATED IN THE BURSA DEPOSITORY TRANSFER OF SECURITIES REQUEST FORM (FTF010) AND THE RECORDS OF BURSA DEPOSITORY.

Name of depositor (Holder) : _____

CDS account no. : - -

Identity card no. : Old :

New : - -

Passport/Registration no. :

Correspondence address : _____

Telephone/Contact no. : House : -

Office : -

Mobile : -

E-mail address : _____

Acceptance date (dd/mm/yyyy) : / /

If the Holder is an individual

If the Holder is a corporation⁽⁶⁾

Signature of Holder

Director

Director/Secretary



Notes:

- (1) If Paragon Union Berhad declares, makes or pays any Distribution to you on or after the date of the Notice but before the Closing Date, and you are entitled to retain such Distribution, the Offer Price will be reduced by an amount equivalent to the Distribution for each Offer Share which you are entitled to retain.
- (2) Where note 1(B) of this Form is applicable.
- (3) Where note 1(C) of this Form is applicable.
- (4) Where note 1(D) of this Form is applicable.
- (5) Delete (a) or (b) as applicable. Your acceptance may be invalid and disregarded unless you are able to give the confirmation required.
- (6) A corporation must affix its common seal, which must be witnessed in accordance with its constitution or other regulations, and signed on its behalf by an authorised officer or attorney.

This completed and signed Form together with the depositor's copy of the Bursa Depository Transfer Form duly verified and acknowledged by your ADA/ADM, an acknowledgement of transfer issued by your ADA/ADM and, where applicable, other documents of title or the relevant contract notes for the Offer Shares must be submitted to the Share Registrar at the following address:

Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

Telephone no. : +603-7890 4700
Facsimile no. : +603-7890 4670
Email address : Alice.tey@boardroomlimited.com

You should take note that in the event of any further restriction to movement due to the implementation of any movement control order by the Government of Malaysia or any other emergency, electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your email address with Bursa Depository via:

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or
- (ii) Bursa Anywhere mobile application which can be downloaded from Google Play Store or Apple App Store.