

PARAGON UNION BERHAD

Registration No. 199401000779 (286457-V)

Incorporated in Malaysia

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF PARAGON UNION BERHAD (“PUB” OR “THE COMPANY”) HELD ON A VIRTUAL BASIS AT BROADCAST VENUE AT BOARD ROOM, LOT 14, JALAN CJ 1/1, KAWASAN PERINDUSTRIAN CHERAS JAYA, BATU 11, 43200 CHERAS, SELANGOR DARUL EHSAN ENTIRELY THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING VIA CLOUD AGM PLATFORM OPERATED BY ARB WEMEET SDN BHD AT <https://member.arbwemeet.com> ON FRIDAY, 6 JANUARY 2023 AT 11:30 A.M.

Directors present:

1. Mr Koon Hoi Chun (Executive Chairman)
2. Mr Wong Ee-Coln (Managing Director)
3. Mr Chan Weng Fui (Independent Non-Executive Director)
4. Mr Tan Vei Teck (Independent Non-Executive Director)
5. Ms Tong Siut Moi (Independent Non-Executive Director)

In Attendance: Ms Tan Lay Khoon (Company Secretary)

By Invitation:

1. Mr Tan Teck Khong (Senior General Manager of Finance)

Shareholders/ Proxies (by remote participation)

As per the Attendance List

1.0 CHAIRMAN

Mr Koon Hoi Chun (the “**Chairman**”) chaired the Meeting and welcomed all present to the EGM of the Company. The Chairman then welcomed the shareholders and proxies who have joined the EGM of the Company via the virtual online platform and introduced the Board of Directors and the Company Secretary who joined the Meeting.

2.0 QUORUM

The requisite quorum being present, the Chairman declared the Meeting duly convened at 11:32 a.m.

3.0 NOTICE

The Notice of the Meeting had been circulated within the prescribed period, was taken as read.

4.0 PROCEEDINGS OF MEETING

The Chairman informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions at the general meeting would be voted by poll.

The Chairman then informed that the Company had appointed ARB WeMeet Sdn Bhd (“**ARB**”) as the Poll Administrator and CSC Securities Services Sdn Bhd as the Independent Scrutineers to validate the poll results.

The Chairman further informed that the EGM would proceed according to the sequence in the agenda, which was to be followed by a question and answer (“**Q&A**”) session via the RPV facility. Shareholders were given the opportunity to ask question on the agendas, which would be responded during the Q&A session. The responses to questions not addressed during the Q&A session due to time constraint would be emailed to the shareholder earliest possible.

A video presentation by ARB was played to brief the participants on the online voting procedure through the RPV application.

5.0 ORDINARY RESOLUTION 1 PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF PARAGON UNION BERHAD AND ITS SUBSIDIARIES TO INCLUDE RECYCLING BUSINESSES

The Chairman informed that Ordinary Resolution 1 is to approve the proposed diversification of the existing core business of Paragon Union Berhad and its subsidiaries to include recycling businesses (“Proposed Diversification”). The details and rationale of the Proposed Diversification were stated in Part A of the Circular to Shareholder dated 20 December 2022.

The Chairman then welcome questions from the shareholders which would address at the Q&A session later. The Chairman then proceeded to the next agenda.

6.0 ORDINARY RESOLUTION 2 PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Chairman informed that Ordinary Resolution 2 of the agenda was to approve the Proposed New Shareholders’ mandate for recurrent related party transactions of a revenue or trading nature (“Proposed Shareholders’ Mandate). He then informed the shareholders that the details of the Proposed Shareholders’ Mandate was disclosed at Part B of the Circular to Shareholders dated 20 December 2022.

The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility and then he proceeded with the next agenda on the notice.

7.0 ORDINARY RESOLUTION 3
PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME (“SCHEME”) OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME, COMPRISING A SHARE OPTION SCHEME (“PROPOSED SHARE OPTION SCHEME”) AND A SHARE GRANT SCHEME (“PROPOSED SHARE GRANT SCHEME”), FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF PUB AND ITS NON-DORMANT SUBSIDIARIES (“PROPOSED LTIS”)

The Chairman informed that Ordinary Resolution 3 of the agenda was to approve the proposed establishment of a long term incentive scheme of up to 15% of the total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the scheme, comprising a share option scheme and a share grant scheme, for eligible employees, executive directors and non-executive directors of PUB and its non-dormant subsidiaries (“Proposed LTIS”).

The Chairman then welcome question from the shareholders which to be address at the Q&A session later and he proceeded with the next item on the agenda.

(At this junction, the Chairman declared his interest in respect of the next agenda which reflects to himself, and invited Mr Wong Ee Coln (“Mr Wong”) to facilitate the said agenda)

8.0 ORDINARY RESOLUTION 4
PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF PUB SHARES TO KOON HOI CHUN, THE EXECUTIVE CHAIRMAN OF PUB UNDER THE PROPOSED LTIS

Mr Wong took over the chairmanship and informed the shareholders that Ordinary Resolution 4 of the agenda was to approve the proposed allocations of share options and/or award of PUB shares to Koon Hoi Chun, the executive chairman of PUB under the proposed LTIS. Mr Wong informed that the proposed allocation was provided in Part C of the Circular to Shareholder dated 20 December 2022. He then welcomed the shareholders to submit the question related to the agenda via the RPV facility.

Thereafter, Mr Wong handover the Chair back to the Chairman and the Chairman proceeded with the next agenda.

9.0 ORDINARY RESOLUTION 5
PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF PUB SHARES TO WONG EE-COLN, THE MANAGING DIRECTOR OF PUB UNDER THE PROPOSED LTIS

The Chairman informed that Ordinary Resolution 5 of the agenda was proposed allocation of share options and/or award of PUB shares to Wong Ee Coln, the managing director of PUB under the Proposed LTIS.

The Chairman informed that the details of the Proposed allocation had been provided in the Part C of the Circular to Shareholder dated 20 December 2022. The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility.

The Chairman then proceeded with the next agenda.

**10.0 ORDINARY RESOLUTION 5
TO RE-ELECT MR WONG EE-COLN WHO RETIRES IN ACCORDANCE WITH CLAUSE 104 OF
THE COMPANY'S CONSTITUTION**

The Chairman informed that Ordinary Resolution 5 of the agenda was to re-elect Mr Wong Ee-Coln, who retires in accordance with Clause 104 of the Company's Constitution and being eligible, had offered himself for re-election.

The Chairman informed that the details of the Proposed allocation had been provided in the Part C of the Circular to Shareholder dated 20 December 2022. The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility and he proceeded with the next agenda on hand.

**11.0 ORDINARY RESOLUTION 6
PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF PUB SHARES TO CHAN
WENG FUI, INDEPENDENT NON-EXECUTIVE DIRECTOR OF PUB UNDER THE PROPOSED LTIS**

The Chairman informed that Ordinary Resolution 6 of the agenda was to approve the proposed allocations of share options and/or award of PUB shares to Chan Weng Fui, the Independent Non-Executive Director of PUB under the proposed LTIS.

The Chairman informed that the details of the Proposed allocation had been provided in the Part C of the Circular to Shareholder dated 20 December 2022. The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility and he proceeded with the next agenda on hand.

**12.0 ORDINARY RESOLUTION 7
PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF PUB SHARES TO TAN
VEI TECK, INDEPENDENT NON-EXECUTIVE DIRECTOR OF PUB UNDER THE PROPOSED LTIS**

The Chairman informed that Ordinary Resolution 7 of the agenda was to approve the proposed allocation of share options and/or award of PUB shares to Tan Vei Teck, the Independent Non-Executive Director of PUB under the proposed LTIS.

The Chairman informed that the details of the Proposed allocation had been provided in the Part C of the Circular to Shareholder dated 20 December 2022. The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility and he proceeded with the next agenda on hand.

13.0 ORDINARY RESOLUTION 8
PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF PUB SHARES TO TONG SIUT MOI, INDEPENDENT NON-EXECUTIVE DIRECTOR OF PUB UNDER THE PROPOSED LTIS

The Chairman informed that Ordinary Resolution 8 of the agenda was to approve the proposed allocation of share options and/or award of PUB shares to Tong Siut Moi, the Independent Non-Executive Director of PUB under the proposed LTIS.

The Chairman informed that the details of the Proposed allocation had been provided in the Part C of the Circular to Shareholder dated 20 December 2022. The Chairman then welcomed the shareholders to submit their question related to the above resolution via the RPV facility and he proceeded with the next agenda on hand.

14.0 ANY OTHER BUSINESS

The Chairman informed the Meeting that the Company had not received any due notice to transact any other business in accordance with the Companies Act 2016 and the Company's Constitution.

15.0 QUESTION & ANSWER SESSION

The Chairman proceeded with the Q&A session of the EGM and the following were the key matters discussed at the EGM:-

Question 1:

When can the company start to pay dividend to the shareholders?

The Company is not in the position to pay dividend now, however the Management and the Company will take their effort to improve the performance of the Company in order to pay dividend to Shareholders.

Question 2:

How much is the gross profit margin for trading metal? Once the upstream venture has completed, What would be the projected gross profit margin level?

The gross profit margin for trading of metal is around 7-8% as of current. However, the Company has yet to finalize the Gross profit margin at this juncture, and will update the shareholders from time to time.

Question 3:

Up to 30th Sept 2022, PUB's existing carpets business is in a net loss position of approximately RM3.36 million. When does the group expect to cease this non-performing business?

The Company has no intention to cease the current business as the Company remains committed to their existing business as usual. The losses were mainly caused by the raw

material and logistic price hike during the Movement Control Order, Inflation and flood disaster. Nonetheless, the Company will try their best to improves its performance.

Question 4:

PUB's number of shares roughly RM 83 million. Will the group increase number of shares in the future? By what ways to increase number of shares? Will the group raise funds shortly after venture into trading metal business?

Save for the Proposed LTIS, the Company had no other proposal at this juncture that would increase the number of shares of the Company. As for the fund-raising activities, it is dependent on the business of the Company and also the financial impact of the Group. However, the Company does not have any plan on this at this moment.

15.0 VOTING SESSION

There being no other question raised by the shareholders, the Chairman proceeded with the next agenda of the meeting.

The Chairman then advised the shareholders to proceed to submit their vote via the RPV application as the polling process would conclude after 5 minutes; followed by a short break for the verification of the poll votes by the Scrutineers.

The Chairman then adjourned the Meeting.

16.0 DECLARATION OF RESULTS

The Meeting resumed after the conclusion of the verification of the poll votes.

The Chairman called the Meeting to order for the declaration of the poll results. The Chairman then announced the results of the poll voting and declared that all the following resolutions set out in the Notice of EGM dated 20 December 2022 were carried, as attached hereto as Appendix I: -

Ordinary Resolution 1

“THAT, subject to the provisions of the Constitution of PUB and its subsidiaries (“PUB Group”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approvals of all authorities (if required), approval be and is hereby granted to PUB Group to diversify the existing businesses of PUB Group to include recycling related businesses;

AND THAT the Board of Directors of the Company (“Board”) be and is hereby authorised to do all acts, deeds and things as may be required to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations, and/or amendments in any manner as may be required or imposed by any relevant authorities and to take all such steps and do all acts and things as the Board may deem fit or expedient to implement, finalise and give full effect to the Proposed Diversification.”

Ordinary Resolution 2

“THAT subject to and conditional upon the passing of Ordinary Resolution 1, approval be and is hereby given to PUB Group, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as “Recurrent Transactions”) with related parties as set out in Section 2.3 of Part B of the circular to shareholders of the Company dated 20 December 2022 (“Circular”) which are necessary for the Company’s day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and are carried out on an arm’s length basis on normal commercial terms of PUB Group on terms not more favourable to related parties than those generally available to the public and are not, in the Company’s opinion, detrimental to the minority shareholders of the Company;*
- (ii) the Proposed New Shareholders’ Mandate is subject to annual renewal and any authority conferred by the Proposed New Shareholders’ Mandate shall only continue to be in force until:*
 - a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming EGM of the Company at which the Proposed New Shareholders’ Mandate is approved, at which time it will lapse unless by a resolution passed at the general meeting the mandate is again renewed;*
 - b) the expiration of the period within which the next AGM of the Company is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 (the “Act”) (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or*
 - c) it is revoked or varied by resolution passed by the shareholders in general meeting,*

whichever is earlier.

AND THAT *the Board be and is hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Board, in its absolute discretion, deems fit.”*

Ordinary Resolution 3

“THAT, subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board be and is hereby authorised and empowered to:

- (i) establish, implement and administer the Proposed LTIS of up to 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the Scheme for the eligible employees, executive directors and non-executive directors of PUB and its non-dormant subsidiaries (“PUB Group” or “Group”) who fulfil the eligibility criteria for participation in the Scheme as set out in the By-Laws governing the Scheme (“By-Laws”) (“Eligible Person(s)”, a draft of which is set out in Appendix I of Part C of the Circular, and to give full effect to the Scheme with full power to assent to any conditions, variations, modifications and/ or amendments as may be required by the relevant authorities;*

- (ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the new ordinary shares in the Company ("Shares" or "PUB Shares") which may from time to time be allotted and issued pursuant to the Scheme;*
- (iii) allot and issue and/ or procure from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the share options pursuant to the Proposed Share Option Scheme ("Share Options") and/ or vesting of the share grant pursuant to the Proposed Share Grant Scheme ("Share Awards") under the Proposed LTIS provided that the aggregate number of new Shares to be offered under the Proposed LTIS shall not exceed in aggregate of 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the duration of the Scheme;*
- (iv) new Shares to be issued arising from the Proposed LTIS, shall upon allotment and issuance, carry the same rights with the then existing PUB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions. The new PUB Shares to be issued arising from the Proposed LTIS will be subject to the provisions of the Company's Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company;*
- (v) add, delete, modify and/ or amend all or any part of the terms and conditions as set out in the By-Laws governing the Proposed LTIS from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board or any committee of the Proposed LTIS established or appointed by it provided that such modifications and/ or amendments are effected and permitted in accordance with the provisions of the By-Laws relating to modifications and/ or amendments and to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to such modifications and/ or amendments of the Scheme;*
- (vi) extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting; and*
- (vii) do all such acts and things, to execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed LTIS and terms of the By-Laws;*

THAT the By-Laws of the Scheme, a draft of which is set out in Appendix I of Part C of the Circular, be and is hereby approved and adopted;

THAT the Board be and is hereby authorised to give effect to the Proposed LTIS with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities and to take all such steps and do all acts and things as the Board may deem fit or necessary at its absolute discretion;

AND THAT the existing shareholders of the Company waive their pre-emptive right pursuant to Section 85(1) of the Act and Clause 54 of the Constitution of the Company to be offered the PUB Shares to be allotted and issued under the Proposed LTIS which rank equally with the existing issued shares in the Company."

Ordinary Resolutions 4 to 8

"THAT, subject to the passing of Ordinary Resolution 3 and the approvals of all relevant regulatory authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the committee appointed and authorised by the Board from time to time to administer the Scheme ("LTIS Committee") in accordance with the By-Laws, to offer and grant, from time to time throughout the duration of the Scheme, such number of Shares in the Company which will be vested to the Directors at a future date and to allot and issue such number of options, Shares and/ or the equivalent cash value or combinations thereof comprised in the Proposed LTIS granted to the following Directors from time to time:

- (i) Koon Hoi Chun, Executive Chairman (Ordinary Resolution 4)*
- (ii) Wong Ee-Coln, Managing Director (Ordinary Resolution 5)*
- (iii) Chan Weng Fui, Independent Non-Executive Director (Ordinary Resolution 6)*
- (iv) Tan Vei Teck, Independent Non-Executive Director (Ordinary Resolution 7)*
- (v) Tong Siut Moi, Independent Non-Executive Director (Ordinary Resolution 8)*

PROVIDED ALWAYS THAT:

- (i) he/ she must not participate in the deliberation or discussion of his/ her own allocation to be issued under the Proposed LTIS;*
- (ii) not more than 10% of the total number of PUB Shares to be issued under the Proposed LTIS shall be allocated to him/ her, if he/ she, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued PUB Shares (excluding treasury shares, if any);*
- (iii) not more than 70% of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group (excluding dormant subsidiaries) who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined by the LTIS Committee from time to time);*
- (iv) it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws; and*
- (v) the Directors and senior management of the Group and members of the LTIS Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any."*

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws, the Board be and is hereby authorised to take such steps as necessary or expedient to implement, finalise or to give full effect to the Proposed Allocations above with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities and to take all such steps and do all acts and things thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocations as above as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”

17.0 CLOSURE

There being no other business, the AGM was closed at 12:18 p.m. with a vote of thanks to the Chairman.

**Confirmed as a correct record of
the proceedings held thereat**

-signed-

KOON HOI CHUN
Chairman