

Announcement

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS PARAGON UNION BERHAD ("PUB" OR THE "COMPANY") PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN METAHUB INDUSTRIES SDN BHD BY PARAGON METAL SDN BHD, A WHOLLY OWNED SUBSIDIARY OF PUB, FOR A PURCHASE CONSIDERATION OF RM51.00 MILLION, TO BE SATISFIED WHOLLY VIA THE ISSUANCE OF NEW ORDINARY SHARES IN PUB ("PROPOSED ACQUISITION")

PARAGON UNION BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	PARAGON UNION BERHAD ("PUB" OR THE "COMPANY") PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN METAHUB INDUSTRIES SDN BHD BY PARAGON METAL SDN BHD, A WHOLLY OWNED SUBSIDIARY OF PUB, FOR A PURCHASE CONSIDERATION OF RM51.00 MILLION, TO BE SATISFIED WHOLLY VIA THE ISSUANCE OF NEW ORDINARY SHARES IN PUB ("PROPOSED ACQUISITION")

On behalf of the Board of Directors of Paragon Union Berhad ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that Paragon Metal Sdn Bhd ("**PMSB**" or the "**Purchaser**"), a wholly owned subsidiary of PUB, had on 27 May 2024 entered into a conditional share sale and purchase agreement ("**SPA**") with Incredible Ark Sdn Bhd ("**IASB**") and Ung Yoke Hong (collectively the "**Vendors**"), for the proposed acquisition of 510,000 ordinary shares in Metahub Industries Sdn Bhd ("**Sale Share(s)**") ("**Metahub**"), representing 51.00% equity interest in Metahub, for a purchase consideration of RM51.00 million ("**Purchase Consideration**"), to be satisfied wholly via the issuance of new ordinary shares in PUB ("**PUB Share(s)**" or "**Share(s)**") ("**Consideration Share(s)**") at the issue price of RM2.95 per Consideration Share ("**Issue Price**") ("**Proposed Acquisition**").

Additionally, based on the terms of the SPA, the Vendors have also provided PUB with a profit guarantee of RM6.00 million for the financial year ended ("**FYE**") 31 December 2024 and RM8.00 million for the FYE 31 December 2025 ("**Profit Guarantee**"), translating to an aggregate profit before tax of RM14.00 million collectively for the FYE 31 December 2024 and FYE 31 December 2025 ("**Guaranteed Financial Years**").

The Proposed Acquisition is deemed as a related party transaction ("**RPT**") under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") by virtue of the interests of the Interested Parties (as defined in the enclosed announcement).

Pursuant thereto, the Board (save for the Interested Director (as defined in the enclosed announcement)) has appointed MainStreet Advisers Sdn Bhd to act as the independent adviser ("**Independent Adviser**") to advise the non-interested directors and non-interested shareholders of PUB as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested directors and non-interested shareholders of the Company are concerned, and whether the Proposed Acquisition is to the detriment of the non-interested shareholders of PUB.

Further details of the Proposed Acquisition are set out in the attachment enclosed.

This announcement is dated 27 May 2024.

Please refer attachment below.

Announcement Info

Company Name	PARAGON UNION BERHAD
Stock Name	PARAGON
Date Announced	27 May 2024
Category	General Announcement for PLC
Reference Number	GA1-27052024-00066

PARAGON UNION BERHAD ("PUB" OR THE "COMPANY")

PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN METAHUB INDUSTRIES SDN BHD BY PARAGON METAL SDN BHD, A WHOLLY OWNED SUBSIDIARY OF PUB, FOR A PURCHASE CONSIDERATION OF RM51.00 MILLION, TO BE SATISFIED WHOLLY VIA THE ISSUANCE OF NEW ORDINARY SHARES IN PUB ("PROPOSED ACQUISITION")

1. INTRODUCTION

On behalf of the Board of Directors of Paragon Union Berhad ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that Paragon Metal Sdn Bhd ("**PMSB**" or the "**Purchaser**"), a wholly owned subsidiary of PUB, had on 27 May 2024 entered into a conditional share sale and purchase agreement ("**SPA**") with Incredible Ark Sdn Bhd ("**IASB**") and Ung Yoke Hong (collectively the "**Vendors**"), for the proposed acquisition of 510,000 ordinary shares in Metahub Industries Sdn Bhd ("**Sale Share(s)**") ("**Metahub**"), representing 51.00% equity interest in Metahub, for a purchase consideration of RM51.00 million ("**Purchase Consideration**"), to be satisfied wholly via the issuance of new ordinary shares in PUB ("**PUB Share(s)**" or "**Share(s)**") ("**Consideration Share(s)**") at the issue price of RM2.95 per Consideration Share ("**Issue Price**") ("**Proposed Acquisition**").

Additionally, based on the terms of the SPA, the Vendors have also provided PUB with a profit guarantee of RM6.00 million for the financial year ended ("**FYE**") 31 December 2024 and RM8.00 million for the FYE 31 December 2025 ("**Profit Guarantee**"), translating to an aggregate profit before tax of RM14.00 million collectively for the FYE 31 December 2024 and FYE 31 December 2025 ("**Guaranteed Financial Years**"). Further details of the Profit Guarantee are set out in **Section 2.4** of this announcement.

The Proposed Acquisition is deemed as a related party transaction ("**RPT**") under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") by virtue of the interests of the following:-

- i. Koon Hoi Chun ("**Interested Director**") is the Executive Chairman and major shareholder of PUB (2.31% direct shareholdings and 47.69% indirect shareholdings through his equity interest in AKK Capital Sdn Bhd). Koon Hoi Chun is also a major shareholder of Metahub (80.0% indirect shareholdings through his equity interest in IASB); and
- ii. AKK Capital Sdn Bhd is a major shareholder of PUB (47.69% direct shareholdings). AKK Capital Sdn Bhd is wholly owned by Koon Hoi Chun, the Executive Chairman and major shareholder of PUB.

Collectively referred to as the ("**Interested Parties**"), with further details as set out in **Section 9** of this announcement.

Pursuant thereto, the Board (save for the Interested Director) has appointed MainStreet Advisers Sdn Bhd to act as the independent adviser ("**Independent Adviser**") to advise the non-interested directors and non-interested shareholders of PUB as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested directors and non-interested shareholders of the Company are concerned, and whether the Proposed Acquisition is to the detriment of the non-interested shareholders of PUB.

Further details of the Proposed Acquisition are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED ACQUISITION

PMSB had on 27 May 2024 entered into the SPA with the Vendors to purchase 510,000 Sale Shares in Metahub, representing 51.00% equity interest in Metahub, for a Purchase Consideration of RM51.00 million, to be satisfied wholly via the issuance of 17,288,136 Consideration Shares. In conjunction with the Proposed Acquisition, based on the terms of the SPA, the Vendors have also provided PUB with the Profit Guarantee of RM6.00 million for the FYE 31 December 2024 and RM8.00 million for the FYE 31 December 2025, translating to an aggregate profit before tax of RM14.00 million collectively for the FYE 31 December 2024 and FYE 31 December 2025. Further details of the Profit Guarantee are set out in **Section 2.4** and **Appendix I** of this announcement.

The details of the Sale Shares to be acquired by PMSB from each of the Vendors are as follows:-

Vendors	Sale Shares	Equity interest %	Purchase Consideration RM	Consideration Shares No. of Shares
Incredible Ark Sdn Bhd	408,000	40.80	40,800,000	13,830,509
Ung Yoke Hong	102,000	10.20	10,200,000	3,457,627
Total			51,000,000	17,288,136

2.1 Information on Metahub

Metahub was incorporated in Malaysia on 7 March 2005 as a private limited company under the Companies Act 1965. As at 23 May 2024, being the latest practicable date of this announcement ("**LPD**"), the issued share capital of Metahub is RM1,000,000 comprising 1,000,000 ordinary shares in Metahub. Further, Metahub does not have any convertible securities as at the LPD.

Metahub is principally involved in the business of recovery and reprocessing of precious metals from production waste & electronic scrap and related activities. Specifically, Metahub derives its revenue from the following activities:-

- i. **Recovery and reprocessing** of the following:-
 - **Metal (i.e. aluminium, copper, tin and nickel)** – Metahub collects electronic scraps from electronic companies and subsequently sorts and processes the waste to recover recycled metals such as aluminium, copper, tin and nickel by smelting the electronic scraps to its melting points in specially dedicated furnaces. The revenue derived by Metahub is based on the quantity of the metals processed in metric ton ("**MT**"), depending on the type of metal processed. Metahub carries out its metal recycling and reprocessing business through its processing plant in Skudai, Johor; and
 - **Wastewater** – Metahub collects and processes production wastewater by treating the wastewater and removing unwanted particles (e.g. polycyclic aromatic hydrocarbons (PAH), particulate matter (PM), etc.). Metahub derives its revenue from its wastewater processing business through charging a fee for each MT of production wastewater collected. Metahub carries out its wastewater processing business through its plant in Skudai, Johor.
- ii. **Trading of scrap waste** – After sorting the electronic scrap collected from its customers, Metahub trades the excess scrap waste which cannot be recycled or reprocessed.

For clarification, Metahub owns its processing facilities and the land on which the facilities are erected on in Skudai, Johor.

The following is a breakdown of Metahub's revenue between its local and international customers:-

	Audited FYE 31 December					
	2021		2022		2023	
	RM	%	RM	%	RM	%
Malaysia	12,641,441	88.92	11,748,764	80.62	6,261,629	68.10
Taiwan	1,575,800	11.08	2,823,483	19.38	2,933,379	31.90
	14,217,241	100.00	14,572,247	100.00	9,195,008	100.00

As at the LPD, the directors and shareholders of Metahub and their direct shareholdings in Metahub are set out below:-

Name	Designation	Nationality/ Place of incorporation	No. of shares	%
Yee Kwong Yik	Director	Malaysian	-	-
Mah Chin Cheong	Director	Malaysian	-	-
Kenneth Ang Wee Keong	Director	Malaysian	-	-
Koon Hon Hoong	Director	Malaysian		
Ung Yoke Hong	Director/ Shareholder	Malaysian	200,000	20.00
Incredible Ark Sdn Bhd	Shareholder	Malaysia	800,000	80.00

As at the LPD, Metahub does not have any subsidiary, joint venture and/ or associate companies.

A summary of the financial information of Metahub for the past 3 financial years up to the FYE 31 December 2023 is set out below:-

	-----Audited FYE 31 December-----		
	2021 RM	2022 RM	2023 RM
Revenue	14,217,241	14,572,247	9,195,008
Other income	882,243	5,758,150	680,557
Profit/ (Loss) before taxation (" PBT "/ " LBT ")	221,436	5,496,625	(1,926,691)
Profit/ (Loss) after taxation (" PAT "/ " LAT ")	99,836	5,207,658	(1,601,589)
Share capital	1,000,000	1,000,000	1,000,000
Net assets (" NA ")	23,037,096	28,244,754	26,643,165
Current assets	10,647,842	14,350,608	8,454,400
Current liabilities	4,229,080	1,821,545	1,777,653
Cash and cash equivalents	3,794,968	9,706,786	3,618,451
Total borrowings	846,038	656,325	457,252
No. of ordinary share in issues	1,000,000	1,000,000	1,000,000
Earnings/ (Loss) per Share (" EPS "/ " LPS ") (RM)	0.10	5.21	(1.60)
NA per share (RM)	23.04	28.24	26.64
Gearing ratio (times)	0.04	0.02	0.02
Current ratio (times)	2.52	7.88	4.76

FYE 31 December 2021 vs FYE 31 December 2022

Metahub's revenue increased by 2.46% to RM14.57 million for the FYE 31 December 2022 (FYE 31 December 2021: RM14.22 million). The growth was mainly attributable to the increase in revenue from Metahub's metal recovery and reprocessing business by RM0.61 million or approximately 13.09%. The increase was also attributable to the higher tin prices during the FYE 31 December 2022.

In conjunction with the increase in Metahub's revenue, Metahub's PBT increased by 2400% to RM5.50 million for the FYE 31 December 2022 (FYE 31 December 2021: RM0.22 million), mainly attributable to the following:-

- i. higher margins from Metahub's metal recovery and reprocessing business, mainly due to higher tin prices during the FYE 31 December 2022;
- ii. gain on disposal of property, plant and equipment amounting to RM4.34 million; and
- iii. higher rental income of RM1.20 million (FYE 31 December 2021: RM0.70 million).

FYE 31 December 2022 vs FYE 31 December 2023

Metahub's revenue decreased by 36.86% to RM9.20 million for the FYE 31 December 2023 (FYE 31 December 2022: RM14.57 million), mainly attributable to the following:-

- i. decline in revenue from Metahub's trading of scrap waste business by 50.55% to RM4.90 million (FYE 31 December 2022: RM9.91 million), mainly due to lesser contracts received from Metahub's major customer for its trading of scraps business in the FYE 31 December 2023; and
- ii. upgrading of Metahub's wastewater plant throughout the FYE 31 December 2023, which had reduced Metahub's wastewater processing capacity, thereby reducing revenue by 35.94% to RM0.82 million (FYE 31 December 2022: RM1.28 million). The aforementioned upgrading works have been completed as at January 2024, which may enable Metahub to increase its wastewater processing capacity.

In conjunction with the decrease in Metahub's revenue, Metahub also recorded LBT of RM1.93 million for the FYE 31 December 2023 as compared to PBT of RM5.50 million for the FYE 31 December 2022. This was mainly attributable to the absence of a gain on disposal of property, plant and equipment amounting to RM4.34 million, recorded in the FYE 31 December 2022.

2.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis between PMSB and the Vendors, after taking into consideration the following:-

- i. The fair value of the entire equity interest in Metahub as appraised by Asia Equity Research Sdn Bhd ("**AER**"), the Independent Valuer for the Proposed Acquisition, vide their Independent Fair Valuation Certificate on Metahub ("**Valuation Certificate**").

The valuation of the entire equity interest in Metahub was arrived after taking into consideration the future financials forecast of Metahub for 5 financial years from FYE 31 December 2024 to the FYE 31 December 2028 ("**Future Financials**") as provided by the management of Metahub.

Based on the use of the Free Cash Flow to Equity ("**FCFE**")¹ approach, being the valuation methodology considered and selected by AER, the fair value of 100% equity interest in Metahub is approximately RM88.41 million to RM101.04 million, based on the Future Financials with an equity discount rate of 11.42%. The equity discount rate is computed based on the required rate of return of PUB determined on 23 March 2024 with an additional premium of 2.50% to accommodate for the volatility and fluctuations in discount rate over time. The basis for the additional premium of 2.50% applied is to mitigate day to day volatility of movements of risk-free rates and annualised market return, which will affect the value of the equity risk premium, being one of the components in the determination of equity discount rate and deviations of key basis and assumptions in the Future Financials.

Note:-

¹ AER has adopted FCFE as a primary approach to determine the fair value of Metahub on the basis that the FCFE approach accounts for the value of a controlling stake in a company (i.e. the ability to influence and control the financial and operational matters). Further, Metahub's capital structure is substantially funded by equity as opposed to a company funded substantially by debt, which in the case of the latter, the Free Cash Flow to Firm approach would be deemed more appropriate. For information purposes, based on the audited financial statements of Metahub for the FYE 31 December 2023, Metahub has total borrowings of RM 0.46 million and net assets of RM26.63 million which translate to a low gearing of 0.02 times. Pursuant thereto, AER has considered the FCFE approach to be appropriate.

Set out below are the following key bases and assumptions adopted by AER in arriving at the fair value of Metahub:-

	Financial metrics	Maximum (%)
1.	Annual expected market return	10.56
2.	Annual risk-free rate	3.85
3.	Equity risk premium	6.71
4.	Levered beta	0.755
5.	Equity risk premium x beta	5.07
6.	Required rate of return	8.92
7.	Specific risk for a private company	2.50
8.	Equity discount rate	11.42

Pursuant thereto, the Purchase Consideration of RM51.00 million for Metahub is within the fair value range of approximately RM45.1 million and RM51.5 million, being 51% of the fair value of Metahub as provided by AER.

- ii. the relative valuation methodology, which AER has used as the secondary approach to cross-check the results of the FCFE approach, the implied price to earnings ("**PE**") ratio and enterprise value/ earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") ratio as derived based on the fair value range as determined using the FCFE and compared against the traded multiples of comparable companies, as shown further in this section. For information purposes, the fair value range for 51% equity interest in Metahub of between RM45.1 million and RM51.5 million translates to an implied forward PE ratio of 6.8 times to 7.8 times, and implied forward EV/EBITDA of 4.6 times to 5.3 times, based on the Valuation Certificate;
- iii. the Profit Guarantee of RM6.00 million for the FYE 31 December 2024 and RM8.00 million for the FYE 31 December 2025, translating to an aggregate PBT of RM14.00 million collectively for the Guaranteed Financial Years. Further details of the Profit Guarantee and the computation of the shortfall sum are set out in **Section 2.4** and **Appendix I** of this announcement; and
- iv. the rationale and benefits of the Proposed Acquisition, which is undertaken in line with PUB's business strategy to expand its business operations in order to improve its financial performance in the future. Further details on the rationale and benefits of the Proposed Acquisition are set out in **Section 3** of this announcement.

Relative Valuation Methodology

Companies	Country of listing	Principal activities	Implied PE Times	Implied EV/EBITDA Times
JAG Bhd	Malaysia	JAG Bhd is listed on the Main Market of Bursa Securities. It is involved in the recycling and manufacturing activities of extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electronic waste	150.5 ^{*1}	15.9
Tex Cycle Technology (M) Bhd	Malaysia	Tex Cycle Technology (M) Berhad is listed on the ACE market of Bursa Securities. It is involved in scheduled waste management services, sales of recovered and recycled products and chemical trading	15.9	11.0
5E Resources Ltd	Singapore	SE Resources Ltd is listed on the Catalist Board of the Singapore Stock Exchange Securities Trading Limited. It is involved in the provision of waste recovery and recycling services, and rental of recycled products	6.8	3.2
			Low	6.8
			High	15.9
			Simple Average	11.4
Metahub's implied forward multiples (based on the relative valuation methodology as determined by AER)			6.8 - 7.8	4.6 – 5.3

(Source: Valuation Certificate by AER)

Note:-

^{*1} AER has deemed the implied PE of JAG Bhd as an outlier and is therefore excluded from comparison with Metahub.

Based on the Valuation Certificate, the Board takes cognisance that the fair value range for 51% equity interest in Metahub of between RM45.10 million and RM51.50 million translates to:-

- i. an implied forward PE ratio of 6.8 times to 7.8 times, which is within the range of comparable companies of 6.8 times to 15.9 times and below the simple average of 11.4 times; and
- ii. an implied forward EV/EBITDA of 4.6 times to 5.3 times, which is within the range of comparable companies of 3.2 times to 15.9 times and below the simple average of 10.0 times.

Premised on the foregoing, the Board has deemed the Purchase Consideration reasonable based on the above valuation statistics of the comparable companies as well as the rationale for the Proposed Acquisition as set out in **Section 3** of this announcement.

2.3 Basis and justification of arriving at the issue price of the Consideration Shares

In accordance with the terms of the SPA, the issue price of RM2.95 per Consideration Share ("**Issue Price**") was agreed upon between PUB, PMSB and the Vendors on a willing-buyer willing-seller basis, based on a discount of approximately 7.07% to the 5-day volume weighted average price ("**VWAP**") of PUB Shares up to and including 24 May 2024 ("**LTD**"), being the last trading day immediately preceding the date of the SPA, being RM3.1743 per PUB Share.

The Issue Price of RM2.95 per Consideration Share represents premiums/ discounts to the following VWAPs:-

	Share price RM	Premium/ (Discount)	
		RM	%
Last transacted price as at the LTD	3.1500	(0.2000)	(6.35)
5-day VWAP up to and including LTD	3.1743	(0.2243)	(7.07)
1-month VWAP up to and including LTD	3.3763	(0.4263)	(12.63)
3-month VWAP up to and including LTD	3.5726	(0.6226)	(17.43)
6-month VWAP up to and including LTD	3.3536	(0.4036)	(12.03)
12-month VWAP up to and including LTD	3.1200	(0.1700)	(5.45)

(Source: Bloomberg)

Based on the above, the Issue Price of the Consideration Shares represents a discount ranging from approximately 5.45% - 17.43% to the 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of PUB Shares.

For information purposes, the abovementioned Issue Price equates to an implied PE ratio of approximately 27.04 times, based on the Issue Price of RM2.95 per Consideration Share over the audited basic earnings per share for PUB as at FYE 31 December 2023 of 10.91 sen. This is higher than the implied PE ratio of 6.8 times to 7.8 times for the Purchase Consideration for Metahub based on the fair value range for 51% equity interest in Metahub of between RM45.10 million and RM51.50 million, as outlined in **Section 2.2** of this announcement. Further, the implied PE ratio of the Issue Price is higher than the Group's NA per share of RM1.28.

The Board is of the view that the Issue Price of the Consideration Shares is justifiable after taking cognisance that the settlement of the Purchase Consideration via the Consideration Shares enables PUB to enhance its assets base without any immediate impact on the cash position of PUB and its subsidiaries ("**PUB Group**" or "**Group**") as opposed to a full cash settlement.

2.4 Profit Guarantee

In conjunction with the Proposed Acquisition, based on the terms of the SPA, the Vendors have also provided PUB with the Profit Guarantee of RM6.00 million for the FYE 31 December 2024 and RM8.00 million for the FYE 31 December 2025, translating to an aggregate profit before tax of RM14.00 million collectively for the FYE 31 December 2024 and FYE 31 December 2025.

Based on the terms of the SPA, PUB and the Vendors agree that approximately 27.45% of the Consideration Shares, representing the aggregate Profit Guarantee of RM14.00 million for the Guaranteed Financial Years, shall be held by an escrow agent nominated by PMSB ("**Escrow Agent**") ("**Pledged Consideration Shares**"). The Escrow Agent will be authorised to hold the Pledged Consideration Shares on the Vendors' behalf, to be released to the Vendors upon Metahub achieving the Profit Guarantee for the Guaranteed Financial Years, in the manner as set out in **Section 2.5** of this announcement.

For information purposes, in the event Metahub does not meet the Profit Guarantee of RM6.00 million for the FYE 31 December 2024, the Escrow Agent may release the relevant amount of Pledged Consideration Shares to the Vendors which equals the value of PBT recorded by Metahub for the FYE 31 December 2024. The remaining Pledged Consideration Shares shall remain with the Escrow Agent, to be released if the aggregate Profit Guarantee of RM14.00 million is met in the FYE 31 December 2025.

In the event there is a shortfall in the aggregate PBT of Metahub to the Profit Guarantee for the Guaranteed Financial Years ("**Shortfall**"), the Purchaser may claim a shortfall sum from the Vendors, to be calculated in the following manner:-

$$\text{Shortfall} = (\text{Aggregate Guaranteed Profit} - \text{Actual Aggregate PBT}) \times 51\%$$

The Shortfall will be capped at the maximum sum of RM14.00 million and will not take into account any loss that goes beyond the Actual Aggregate PBT of Metahub computed for the Guaranteed Financial Years. Should the Vendors fail to pay to PMSB the Shortfall at the end of the Guaranteed Financial Years, PMSB may instruct the Escrow Agent to sell the remaining Pledged Consideration Shares and transfer the proceeds arising therefrom to PMSB. Any loss in value upon sale of the Pledged Consideration Shares to the amount of Shortfall shall be paid by the Vendors to PMSB, as outlined in the terms of the SPA.

Through the Profit Guarantee, the Group may benefit from the targeted PBT of a minimum of RM6.00 million and RM8.00 million for the FYE 31 December 2024 and FYE 31 December 2025, respectively. This may enable the Group to enhance its asset base and earnings base through the consolidation of Metahub's results moving forward.

2.5 Mode of settlement

Pursuant to the terms of the SPA for the Proposed Acquisition, the Purchase Consideration shall be satisfied wholly via the issuance of 17,288,136 Consideration Shares, to be issued by PUB in the following manner:-

Terms	No. of Consideration Shares	RM	%
Payable to the Vendors within thirty (30) days from the unconditional date of the SPA or such other date as the parties to the SPA may mutually agree upon in writing	12,542,373	37,000,000	Approximately 72.55
Escrow Agent to release up to RM6.00 million in value of the Pledged Consideration Shares to the Vendors based on the PBT achieved by Metahub for the FYE 31 December 2024. In the event Metahub's PBT does not meet the profit guarantee of RM6.00 million, the Escrow Agent will release the number of Pledged Consideration Shares equaling the value of PBT met, while the remaining Pledged Consideration Shares are to be issued based on Metahub achieving the aggregate Profit Guarantee in the FYE 31 December 2025	up to 2,033,898	Up to RM6,000,000	Up to approximately 11.76
Escrow Agent to release the remaining Pledged Consideration Shares to the Vendors, upon Metahub achieving the aggregate Profit Guarantee of RM14.00 million	up to 4,745,763	Up to RM14,000,000	Up to approximately 27.45
	17,288,136	51,000,000	100.00

As stated in **Section 2.4** of this announcement, PUB and the Vendors agree that approximately 27.45% of the Consideration Shares, representing the aggregate Profit Guarantee of RM14.00 million for the Guaranteed Financial Years, shall be held by an Escrow Agent, to be released to the Vendors upon Metahub achieving the Profit Guarantee for the Guaranteed Financial Years.

In the event Metahub does not meet the Profit Guarantee of RM6.00 million for the FYE 31 December 2024, the Escrow Agent may release the relevant amount of Pledged Consideration Shares to the Vendors which equals the value of PBT recorded by Metahub for the FYE 31 December 2024. The remaining Pledged Consideration Shares shall remain with the Escrow Agent, to be released at the end of the FYE 31 December 2025 if the aggregate Profit Guarantee of RM14.00 million is met in the FYE 31 December 2025, or to be released to the Vendors proportionately upon receipt of a notice in writing issued by PMSB confirming that the Vendors have fully paid and settled the Shortfall to PMSB.

2.6 Source of funds

Pursuant to the terms of the SPA, the Purchase Consideration amounting to RM51.00 million shall be satisfied wholly through the issuance of the Consideration Shares at the Issue Price.

2.7 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA, there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by PUB arising from the Proposed Acquisition.

For information purposes, Metahub has cash and cash equivalents of RM3.62 million, total borrowings of RM0.46 million, and net assets of RM26.64 million as at FYE 31 December 2023, translating to a gearing ratio of 0.02 times.

2.8 Additional financial commitment required

Save for the Purchase Consideration, there is no additional financial commitment required by PUB to put the business of Metahub on-stream as Metahub is an ongoing business entity with existing operations. For information purposes, Metahub has maintained a net cash position for the FYE 31 December 2021, 2022 and 2023.

2.9 Background information on the Vendors

Incredible Ark Sdn Bhd (IASB)

IASB was incorporated in Malaysia on 22 December 2020 under the Companies Act 2016 ("Act") as a private limited company. IASB's registered office is located at PS-2A, Taman Evergreen, Batu 4, Jalan Kelang Lama, 58100 Kuala Lumpur, Wilayah Persekutuan. IASB's principal activity is investment holding.

As at the LPD, the directors and shareholders of IASB and their direct shareholdings in IASB are set out below:-

Name	Designation	Nationality	No. of shares	%
Koon Hoi Chun	Director/ Shareholder	Malaysian	24,150,000	50.00
Koon Hon Hoong	Director/ Shareholder	Malaysian	24,150,000	50.00

As at the LPD, IASB does not have any subsidiary, joint venture and/ or associate companies.

Ung Yoke Hong

Ung Yoke Hong, a Malaysian male aged 56. Ung Yoke Hong commenced his business of trading non-ferrous metals and electronic parts after completing his secondary education. In 2005, he acquired Excelbond Recycling Industries Sdn Bhd, a waste management company. In the same year, Ung Yoke Hong established Metahub to undertake the business of waste management.

Following this, Ung Yoke Hong through Excelbond Recycling Industries Sdn Bhd and Metahub grew his businesses by providing professional advice and consulting to customers involved in schedule waste management. In his capacity as a director of Metahub, Ung Yoke Hong oversees the corporate and business strategies in Metahub, specifically in areas such as sales & marketing, and technical support.

2.10 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank pari passu in all respects with each other and with the existing Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/ or other distributions which are declared, made or paid to the shareholders of the Company where the entitlement date for the said distributions precedes the date of allotment and issuance of the Consideration Shares.

2.11 Listing and quotation of the Consideration Shares

An application will be made to Bursa Securities for the listing and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is undertaken in line with the Group's business strategy to expand its business operations in order to improve its financial performance in the future. Presently, the Group operates through the following business segments:-

- i. manufacturing and trading in car carpets and automotive components;
- ii. manufacturing and sale of commercial carpets; and
- iii. recycling and reprocessing of metals.

For information purposes, on 6 January 2023, the Group had obtained shareholders' approval to diversify its principal activities to include the business of metal recycling, collection, recycling and recovery of liquid and solid industrial waste, treatment of industrial chemicals and chemical related products and provision of recycling management services ("**Recycling Business**"). The segmental breakdown of the Group's revenue and PAT/ (LAT) contribution from the aforementioned business segments for the past 3 FYE up to the FYE 31 December 2023 are as follows:-

Operating Segment	Audited revenue for the FYE 31 December					
	2021 RM	%	2022 RM	%	2023 RM	%
Automotive components and car carpets	33,994,236	84.05	50,809,717	83.36	47,549,728	51.87
Commercial carpets	6,450,955	15.95	10,146,022	16.64	11,618,629	12.68
Recycling Business	-	-	-	-	32,499,183	35.45
	40,445,191	100.00	60,955,740	100.00	91,667,539	100.00

	Audited PAT/ (LAT) for the FYE 31 December		
	2021 RM	2022 RM	2023 RM
Automotive components and car carpets	(7,599,143)	(1,131,964)	10,631,487
Commercial carpets	(5,168,911)	(3,252,339)	(420,185)
Recycling Business	(248,005)	(497,569)	396,294

As shown above, the Group derives the majority of its revenue from its business of manufacturing and trading in car carpets and automotive components, recording a revenue contribution of 84.05%, 83.36% and 51.87% for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, respectively. In view of this, the Board proposes to undertake the Proposed Acquisition to enable the Group to increase the revenue stream of its Recycling Business in addition to its other business segments, which may enhance the overall earnings potential of the Group moving forward.

On 22 January 2021, AKK Capital Sdn Bhd (wholly-owned by Koon Hoi Chun, the present Executive Chairman and major shareholder of PUB) had entered into unconditional share sale agreements with Asia Avenue Sdn Bhd, Tan Choon Hock, Kong Say Thor, Lee Poh Ting and Lee Poh Yee, collectively, to acquire 39,979,794 PUB Shares, representing approximately 60.41% of the equity interest in PUB) for a total cash consideration of RM21.99 million. The aforesaid acquisition was completed on 25 January 2021 and AKK Capital Sdn Bhd launched an unconditional mandatory take-over offer pursuant to Paragraph 4.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, for all the remaining PUB Shares not owned by AKK Capital Sdn Bhd and Koon Hoi Chun at the offer price of RM0.55 per PUB Share ("**2021 Takeover**"). The take-over offer closed on 8 March 2021 and the resultant shareholdings of AKK Capital Sdn Bhd and Koon Hoi Chun was approximately 57.82% (diluted as a result of PUB granting 2,969,360 treasury shares to eligible executives pursuant to an employee share scheme at the time).

Pursuant to the 2021 Takeover, Koon Hoi Chun assumed control of PUB as its Executive Chairman and major shareholder. For information purposes, Koon Hoi Chun possess extensive experience and expertise in the business of sales, management and recycling of industrial waste business through his past employment and companies that he owns (e.g. KYH Trading Sdn Bhd and Technovate Holdings Sdn Bhd, etc.). In 2001, Koon Hoi Chun joined Press Metal UK Ltd, where he managed the operations of sales of aluminium scaffolding and ladders throughout the United Kingdom. Subsequently in 2015, he established KYH Trading Sdn Bhd, a company focusing on collecting, sorting and cleaning of industrial waste and metal scraps, namely aluminium and copper, and exporting to international markets. Following this, in 2021, Koon Hoi Chun ventured into the business of processing industrial waste and metal scraps into ingots through Technovate Holdings Sdn Bhd, where he is the Managing Director and substantial shareholder.

Through Koon Hoi Chun's management of PUB, the Group had completed the diversification into the Recycling Business and through PMSB, had ventured into the business of trading of recycled products, which involves the purchase of metal scrap materials, outsourcing it to third parties for sorting and treatment, and the subsequent sale of these semi-finished materials to local smelter plants. The Group's Recycling Business subsequently recorded revenue of RM32.50 million and PAT of RM0.40 million for the FYE 31 December 2023. Through the Proposed Acquisition the Group (through Metahub) will have the opportunity to move upstream in the Recycling Business, where Metahub may facilitate the sorting and processing of the metal in-house for PMSB to subsequently trade, rather than outsourcing the sorting and processing process to third parties, which may potentially reduce the Group's operating costs and improve its margins and overall financial performance.

As stated in **Section 2.1** of this announcement, Metahub is involved in the business of recovery and reprocessing of precious metals (i.e. aluminium, copper, tin and nickel) from production wastes, the collection and processing of production wastewater and the trading of excess scrap waste. Specifically, Metahub is able to generate revenue from the collection of the precious metals/ wastewater by charging a fee per MT upon collection and upon processing. Through the Proposed Acquisition, the enlarged Group may leverage on the expertise of Koon Hoi Chun and the infrastructure of PMSB and Metahub, to create synergistic benefits such as an increased customer base from the enlarged Group and the sharing of workforce and production facilities to minimise costs and improve gross margins.

Further, the Board also takes cognisance of the following factors in undertaking the Proposed Acquisition:-

- i. the Proposed Acquisition involves the Profit Guarantee provided by the Vendors to PUB. As such, the Group will benefit from the targeted earnings of a minimum of RM6.00 million and RM8.00 million for the FYE 31 December 2024 and FYE 31 December 2025, respectively. This may enable the Group to enhance its asset base and earnings base through the consolidation of Metahub's results moving forward.

The Board has also taken cognisance of the future prospects of Metahub as outlined in **Section 4.4** of this announcement and the Valuation Certificate by AER, and is of the opinion that the Profit Guarantee is achievable and that the Group may stand to benefit from the guaranteed earnings, which may enhance the Group's asset and earnings base through the consolidation of Metahub's results moving forward; and

- ii. the Purchase Consideration is intended to be settled via the issuance of Consideration Shares, further details of which have been set out in **Section 2.3** of this announcement. This will also enable the Group to acquire Metahub and enhance its assets base without any immediate impact on the cash position of the Group as opposed to a full cash settlement of the Purchase Consideration.

Barring any unforeseen circumstances and based on the above, the Proposed Acquisition is expected to contribute positively to the Group's future revenue and earnings potential.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

4.1 Overview and outlook of the Malaysian economy

Despite the challenging external environment, the Malaysian economy grew by 3.7% in 2023, supported by resilient domestic demand and further recovery in tourism activities. During the year, the economy faced multiple challenges from weak external demand, disruptions in commodity production and higher cost of living, which weighed on household spending. The more moderate growth also reflected normalising conditions from the high base in 2022, which was supported by the reopening of the economy and sizeable policy measures. The confluence of these factors led growth to reach its trough in the second quarter of 2023.

The Malaysian economy is projected to grow between 4%–5% in 2024, driven by continued expansion in domestic demand, and improvement in external demand. Growth will be driven mainly by resilient domestic expenditure, with additional support emanating from the expected recovery in exports. Continued employment and wage growth will remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be driven by continued progress of multi-year projects in both the private and public sectors, with some support from implementation of catalytic initiatives under the national master plans.

Trade activity is expected to recover gradually in tandem with a rebound in global trade. Gross exports are expected to expand (2024f: 5%; 2023: -8%), driven by the recovery in global trade and the technology upcycle, supporting electrical and electronics ("**E&E**") and non-E&E exports, as well as higher commodity prices underpinning commodity exports. Gross imports, which contracted in 2023, are also projected to increase. This is attributable mainly to higher intermediate imports and stronger domestic demand for consumption goods, alongside continued expansion in imports of capital goods in tandem with investment growth.

Domestic demand is expected to remain the main driver of growth. Household spending is projected to expand at a faster pace (2024f: 5.7%; 2023: 4.7%) supported by improving labour market conditions amid higher income growth and targeted Government assistance. These will partly cushion the impact of higher cost of living, the implementation of low-value goods (LVG) tax, and increase in sales and services tax (SST) on household spending.

Improving labour market conditions will continue to provide support to household spending. Employment will continue to expand, with growth trending closer to its historical average, supported by sustained demand for workers amid the ongoing recovery in tourism-related sectors and external trade activity. Coupled with continued expansion in labour force, the unemployment rate is expected to stabilise around its historical average of 3.3%.

(Source: Economic and Monetary Review 2023, Bank Negara Malaysia)

4.2 Overview and outlook of the recycling industry

Waste management is one of the environmental pain points affecting every country worldwide. According to the World Bank's "What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050" report, waste generation across the world is expected to grow roughly by 3.4 billion tonnes per year by 2050.

The amount of waste generated is directly determined by economic activity, consumption and population growth. Unfortunately, the economic development and rising living standards in Malaysia have led to the increase in the quantity and complexity of generated waste. Moreover, industrial diversification and the provision of expanded healthcare facilities have added substantial quantities of industrial hazardous waste and biomedical waste into the waste stream.

As Malaysia moves towards zero-waste, the Government is actively playing a pivotal role in strengthening waste management and transforming environmental governance to enable better management of the environment and natural resources, including reducing its economic impacts. These initiatives have been highlighted in the Twelfth Malaysia Plan, 2021 – 2025 ("12MP") as part of Malaysia's commitment to achieving a net-zero carbon emission country by 2050. Under 12MP, the Government has set out to achieve a national recycling rate ("NRR") of 40% by 2025.

The 12MP also highlights the importance of establishing a circular economy where businesses are encouraged to adopt this concept in the design, production, logistics, consumption and waste management of their products and services. To accelerate the transition of solid waste management from a linear economy to a circular economy, Malaysia is banking on Waste to Energy ("WTE") solutions. The Ministry of Housing and Local Government is planning to establish six WTE plants across Malaysia by 2025. WTE solutions are now recognised as a preferred waste treatment option for residual waste and a sustainable waste management approach in the country. Additionally, the establishment of waste eco-parks, development of waste management technologies and closure of all open landfills are encouraged to achieve Malaysia's commitment to become a net-zero carbon emission country by 2050.

MIDA has been promoting environmental management through recycling since the 1980s as well as green technology projects and services since 2014. The facilitation offered by the Government include Investment Tax Allowance for companies that intend to undertake WTE projects and integrated waste management projects. MIDA also continues to intensify its efforts to assist both local and foreign investors by formulating policies, incentives and providing facilities as well as support services for the green technology industry towards further strengthening Malaysia's green ecosystem, building climate resilience and achieving global sustainable development goals.

(Source: The Preferred Approach for Waste Management in Malaysia, MIDA)

4.3 Overview and outlook of the metal recycling industry

The global metal recycling market size is expected to cross USD143 billion by the end of 2036, growing at a CAGR of 6% during the forecast period, 2024-2036. In the year 2023, the industry size of metal recycling was over USD70 billion. The market is expected to increase due to the increasing need for metals in various applications and the increasing scarcity of rare earth metals. According to calculations, in the next five years, over 70% of respondents in the automotive sector will see a shortage of metal. Conversely, the chemical and infrastructure sectors will see shortages of roughly 77% and 81%, respectively.

In addition to this, reprocessing of metal waste has been more popular over the past 20 years due to decreased greenhouse gas emissions and efficient energy management, both of which are significant factors anticipated to propel market expansion in the near future. For instance, the net greenhouse gas emissions from human activities increased by 43% between 1990 and 2020. Emissions of carbon dioxide, which account for about three-fourths of all emissions, increased by 51% during that period.

The market is anticipated to expand as a result of the increase in construction activities occurring in several areas, including Asia-Pacific and Europe. The market for metal recycling is growing in demand due to the rapid economic growth brought about by increased industrialization and urbanization. Consequently, increased government and consumer spending on housing and infrastructure as a result of growing urbanization boosts market growth.

Global government programmes that promote and encourage metal recycling have a big effect on the market as a whole. For instance, by establishing challenging goals and encouraging sustainable production and consumption methods, the circular economy package of the European Union seeks to enhance the recycling and reuse of commodities, including metal. All things considered, government initiatives for recycling metal are vital for encouraging environmentally friendly production and consumption methods, cutting waste and its negative effects on the environment, and propelling the world market for recycled metal.

The global metal recycling market is expanding as a result of end-use industries, including manufacturing, construction, and automotive, using metal more and more. Because recycled metal is just as good as virgin metal in terms of quality, cost, and environmental impact, the end-use industries are switching from employing virgin metal to recycled metal because of the previously cited reasons.

The aluminium segment in the metal recycling market is expected to hold the largest share of about 39% during the forecast period. Recycling aluminium is becoming more popular than recycling other metals since it is less harmful to the environment because it uses less energy and emits fewer greenhouse gases. Reusing aluminium helps lower greenhouse gas emissions since it uses 95% less energy than making new aluminium from raw materials. Additional recycling of aluminium is economical since it uses less energy, which lowers production costs. Furthermore, because aluminium is used in so many different industries, including packaging, transportation, and building, demand for metal is rising. Aluminium recycling makes it possible to satisfy this need without using up natural resources. As a result, there has been a notable increase in aluminium recycling in recent years due to a growing understanding of the advantages of recycling aluminium as well as economic and environmental factors.

The metal recycling market in the Asia-Pacific region is attributed to hold the largest global share of about 32% by the end of 2036. Being one of the world's top manufacturers of steel and aluminium, the area is responsible for the market's expansion.

(Source: Metal Recycling Market Size & Share, Forecast Report 2036, November 2023 report by Research Nester)

According to 6Wresearch, Malaysia's metal scrap recycling market is projected to grow at a CAGR of 5.6% during 2022-2028. The government's focus on the expansion of the rail systems in Malaysia in line with government projects such as the Mass Rapid Transit 3 (MRT3) Circle Line project with an approximate investment of USD7.4 billion would increase the generation rate of metal scraps in the country.

With growing scrap generation and increasing demand for ferrous and non-ferrous metals in the automotive and construction sector, the metal scrap recycling industry in Malaysia is expected to flourish in the coming years. Furthermore, Malaysia established its first-ever non-ferrous metals organisation in 2019 with the goal of bridging the gap between many diverse stakeholders of the industries, such as the government, traders, and manufacturers, which significantly contributed to the market expansion during the last few years. Following China's crackdown on scrap imports, several investors have started to set up recycling facilities in Southeast Asian countries including Malaysia. These newly set-up yards will process the non-ferrous scrap to filter out the impurities in order to meet the stricter import scrap criteria to China thus, driving the metal scrap recycling market in Malaysia.

Malaysia's metal scrap recycling market is currently in the growth stage of the industry life cycle owing to the country's robust automotive sector. A growing amount of construction projects is also expected to contribute towards the growth of the recycling industry in the country.

Copper demand is projected to rise by 16%, reaching 25.5 million tonnes per annum (TPA) by 2030 across the nation and higher copper prices would encourage the demand for recycled copper metal scrap in the coming years. Furthermore, aluminium, due to its excellent scrap value and lower energy needs, is expected to grow significantly during the forecast period.

The urbanization rate in Malaysia grew drastically over the last few years with around 73.5% of the country's population residing in urban areas. This number is expected to increase to 77.6% by 2030 comprising approximately 27 million urban population. Urbanization has a crucial impact on the future of the metal industry as metal is the base for all infrastructural operations. A huge flow of population from rural to urban areas creates substantial demand for steel to be used in the infrastructure developments such as water, energy, and mass transit systems as well as major construction and housing programmes eventually resulting in the generation of metal scrap in the country. The recycling rates have significantly increased from 15.7% in 2015 to 31.5% in 2021, thereby increasing the amount of metal scrap being utilized in the construction projects carried out in the country. This generates lucrative prospects of high growth in the aggregate demand for metal scrap in the upcoming years.

Malaysia's exponential growth in attracting investments in the manufacturing sector and the country's growing foreign direct investments would facilitate expansion in manufacturing capacities, thereby, enabling the country to produce massive amounts of metal scrap in coming years. Hence, this drastic shift in supply would incentivize the government and regional players in capitalizing on the opportunity of purchasing and recycling scrap materials and contributing to the metal scrap market.

(Source: Malaysia Metal Scrap Recycling Market (2022-2028), December 2022 report by 6Wresearch)

4.4 Future prospects of the enlarged Group

On 6 January 2023, the Group had obtained shareholders' approval to diversify its principal activities to include the Recycling Business, which involves the business of metal recycling, collection, recycling and recovery of liquid and solid industrial waste, treatment of industrial chemicals and chemical related products and provision of recycling management services. In line with the above, the Board intends to undertake the Proposed Acquisition in line with its business strategy to expand its business operations in order to improve its financial performance in the future. Through the Proposed Acquisition, the Group may be able to enhance the revenue contribution of its Recycling Business through the financial contribution of Metahub, which will become a 51% owned subsidiary of the Group upon completion of the Proposed Acquisition and thereby improve the overall financial performance of the Group.

Pursuant to the Group's diversification into the Recycling Business on 6 January 2023, the Group's wholly owned subsidiary (i.e. PMSB) had commenced operations in the trading of recycled products that include aluminum ingots, aluminum pallets, carbons blocks and carbon powder. PMSB contributed revenue of RM32.50 million and PAT of RM0.40 million to the Group for the FYE 31 December 2023. Notwithstanding that the Recycling Business spans across numerous recyclable products, PMSB had focused on the trading of aluminum and carbon while the management of the Group focused on expanding the Group's network within the recycling industry to potentially commence business operations in the recycling of other products. Through discussions between the management of the Group and the Vendors, the Board (save for the Interested Director), had opined that the Proposed Acquisition of Metahub would enable the Group to strengthen and expand its operations to include the recycling of metals in addition to solely trading such metals.

As stated in **Section 2.1** of this announcement, Metahub is involved in the business of recovery and reprocessing of precious metals (i.e. aluminium, copper, tin and nickel) from production wastes, the collection and processing of production wastewater and the trading of excess scrap waste. Specifically, Metahub is able to generate revenue from the collection of the precious metals/ wastewater by charging a fee per MT upon collection and upon processing. In January 2024, Metahub had completed the construction of its aluminum processing plant as well as the upgrade of its wastewater processing plant, both in Skudai, Johor. The aforementioned plants have been operational since January 2024 and will enable Metahub to enhance its annual recycled quantity of aluminum and wastewater and thereby increasing its aluminum and wastewater processing capacity to generate further revenue. Metahub has also upgraded the aforementioned plants to be in compliance with the Malaysian Department of Environment's ("**DOE**") standards on recycling and processing of waste facilities, in order to obtain the DOE's approval to further enhance its processing capacity moving forward. Additionally, the management of Metahub is in the process of constructing its copper processing plant in Skudai, Johor which Metahub envisions to be completed by the second half of 2024. For information purposes, upon obtaining the DOE's approval to enhance processing capacity, Metahub may increase the processing capacity of its aluminum plant from 200MT a month to 3000MT a month, and the processing capacity of its wastewater plant from 200MT a month to 2500MT a month.

In view of the above, the Proposed Acquisition will also enable the Group to move upstream in the Recycling Business, where the Group (through PMSB) is currently operating solely in the downstream trading of aluminum and carbon. As mentioned above, the Group (via PMSB) engages in the trading of recycled products, which involves the purchase of metal scrap materials, outsourcing it to third parties for sorting and treatment, and the subsequent sale of these semi-finished materials to local smelter plants. Insofar, the trading of aluminum and carbon has contributed approximately RM32.50 million of the Group's total revenue for the FYE 31 December 2023, representing approximately 35.45% of the Group's total revenue for the said FYE. With the Proposed Acquisition, the Group can move upstream in its recycling process, where Metahub may facilitate the sorting and processing of the metal scraps in-house for PMSB to subsequently trade, rather than outsourcing the sorting and processing process to third parties, which may potentially reduce the Group's operating costs and improve its margins and overall financial performance.

The Board (save for the Interested Director), taking cognisance of the principal activities and future business plans of Metahub, opine that the Proposed Acquisition provides the Group with an opportunity to expand its present Recycling Business by undertaking upstream metal recycling activities, while also entering in to the treating of production wastewater. The Board also intends to leverage on the expertise of Koon Hoi Chun and the infrastructure of PMSB combined with Metahub, to create synergistic benefits such as an increased customer base from the enlarged Group and the sharing of workforce and production facilities to minimise costs and improve gross margins. Additionally, the Board has taken cognisance of the positive market outlook of the recycling and metal recycling industry in Malaysia as stated in **Sections 4.2 and 4.3** of this announcement. The Board continues to see expanding opportunities in the recycling industry, driven by a growing emphasis on environmental, social, and governance practices, as international countries and corporations focus on addressing environmental issues such as global warming through, among others, regulating waste disposal and promoting industrial and consumer recycling.

Upon completion of the Proposed Acquisition, Metahub will become a 51% owned subsidiary of the Group and the revenue generated by Metahub will contribute to the revenue of the Group's Recycling Business. Barring any unforeseen circumstances and taking cognisance of the above, the Board opines that the Proposed Acquisition augurs well with the Group's business expansion plans and remains carefully optimistic regarding the future prospects of the enlarged Group.

(Source: Management of PUB)

5. RISK FACTORS

Save as disclosed below, the Board does not foresee any material risk pursuant to the Proposed Acquisition except for inherent risks associated with the metal reprocessing and recycling industry, of which the Group is already involved in pursuant to the diversification exercise completed on 6 January 2023, and would already be addressed as part of the Group's ordinary course of business. Additional potential risks that may have an impact on the Group, which may not be exhaustive pertaining to the Proposed Acquisition are set out below:-

5.1 Acquisition risk

The Proposed Acquisition is expected to contribute positively to the future performance of the Group in the long term. However, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised after the completion of the Proposed Acquisition. Accordingly, there can be no assurance that the anticipated benefits from the Proposed Acquisition will be realised, and that the Group will be able to generate sufficient returns to offset the associated costs arising from its further investment arising from the Proposed Acquisition.

Nevertheless, the Group will constantly monitor the progress and performance of Metahub and to leverage on its management expertise and experience to properly manage the operations of Metahub.

5.2 Completion risk

The completion of the Proposed Acquisition is conditional upon the conditions precedent of the SPA being fulfilled or if waivable, waived, details of which are as set out in **Appendix I** of this announcement. There can be no assurance that such conditions will be fulfilled or waived within the timeframe stipulated in the SPA. In the event that the condition precedents are not met/ waived, the SPA will be terminated and the Proposed Acquisition will not be completed.

Nevertheless, the Board will take reasonable steps to ensure that the conditions precedents are met in a timely manner and that every effort is made to obtain all necessary approvals for the Proposed Acquisition within the stipulated timeframe.

5.3 Risk of not achieving the Metahub profit forecast or Profit Guarantee

AER's valuation of Metahub using the FCFE approach as outlined in **Section 2.2** of this announcement and the Valuation Certificate is based on profit forecasts derived from various bases and assumptions that are forward-looking and are subject to certain uncertainties that may be outside of the management of Metahub's control. Similarly, the Profit Guarantee is also subject to the profit forecasts and various bases and assumptions, and are similarly subject to uncertainties and contingencies that may be outside of the management of Metahub's control. Such uncertainties may include any delay or interruption to the processing facilities and/ or production output of Metahub, delay in obtaining the relevant authorities' approval (i.e. DOE) for Metahub's business, or disruption in obtaining the continuous supply of waste products for Metahub's business operations.

While the Board has taken reasonable steps to assess the achievability of Metahub's profit forecast and the Profit Guarantee, which include assessing Metahub's past financial performance, future cash flow projections as shown in the Valuation Certificate by AER, as well as the prospects and future plans of the enlarged Group as set out in **Section 5.4** of this announcement, there can be no assurance that Metahub's profit forecast or the Profit Guarantee will be met.

To mitigate the risk of Metahub not achieving the profit forecast, the SPA has provided that the Vendor has given their continuing warranty that the licenses by the DOE in approving Metahub's processing capacity be obtained within 6 months from the completion of the Proposed Acquisition, or such other period as PMSB and the Vendors may otherwise mutually agree in writing and in any such event within the timeline as required by the relevant authorities. Additionally, in the event Metahub fails to meet the Profit Guarantee for the Guaranteed Financial Years, the Group may claim a shortfall sum from the Vendors in the manner set out in **Section 2.4 and Appendix I** of this announcement.

6. EFFECTS OF THE PROPOSED ACQUISITION

As at the LPD, the issued share capital of PUB is RM84,902,259 comprising 83,829,652 Shares. Further, as at the LPD, the Company does not retain any treasury shares. In addition, the Company had on 20 April 2023 established a long-term incentive scheme ("LTIS") and the maximum number of new PUB Shares to be granted or issued pursuant to the exercise of the LTIS options shall not in aggregate exceed 15% of the total issued Shares at any point in time during the duration of the LTIS. For information purposes, as at the LPD, the Company has not granted any shares or options pursuant to the LTIS. Further, for the purpose of implementing the Proposed Acquisition, the Board has undertaken not to grant any options or shares pursuant to the LTIS prior to the completion of the Proposed Acquisition. Pursuant thereto, the effects of the Proposed Acquisition will be illustrated on the basis that none of the shares or options from the LTIS are granted prior to the completion of the Proposed Acquisition.

6.1 Issued share capital

	No. of Shares	RM
Issued Share capital as at the LPD	83,829,652	84,902,259
Consideration Shares to be issued pursuant to the Proposed Acquisition	17,288,136	51,000,000
Enlarged share capital	101,117,788	135,902,259

6.2 NA per Share and gearing level

Based on the latest audited consolidated statements of financial position for the FYE 31 December 2023, the pro forma effects of the Proposed Acquisition on the NA per Share and gearing of the Group are set out as follows:-

	Audited FYE 31 December 2023 RM	After the Proposed Acquisition RM
Share capital	84,902,259	135,902,259
Merger reserves	(4,618,481)	(4,618,481)
Revaluation reserves	32,628,210	32,628,210
Accumulated losses	(36,351,489)	(36,851,489) ²
NA	76,560,499	127,060,499
Number of Shares in issue	83,829,652	101,117,788
NA per Share (RM)	0.91	1.26
Total borrowings (RM)	11,137,856	11,137,856
Gearing level (times)	0.15	0.09

Notes:-

¹ Assuming 17,288,136 Consideration Shares are issued at the Issue Price of RM2.95 pursuant to the Proposed Acquisition.

² After deducting the estimated expenses of RM0.50 million in relation to the Proposed Acquisition.

6.3 Earnings and EPS

Save for the Profit Guarantee, the Proposed Acquisition is not expected to have any immediate material effect on the earnings and EPS of the Group for the FYE 31 December 2024.

For illustrative purposes only, assuming that the Proposed Acquisition had been effected on 1 January 2023 (being the beginning of the latest audited FYE 31 December 2023 of PUB), the pro forma effects of the Proposed Acquisition on the earnings and the EPS of the Group are as follows:-

	Audited FYE 31 December 2023 RM	After the Proposed Acquisition RM
PAT/ (LAT) (attributable to shareholders) ^{*1}	9,149,159	9,149,159
Recognition of PAT/ (LAT) from Metahub	-	(816,810)
Less: Estimated expenses of the Proposed Acquisition	-	(500,000)
Total PAT	9,149,159	7,832,349
No. of Shares in issue	83,829,652	101,117,788
Basic EPS (sen)	10.91	7.75

Notes:-

^{*1} Based on the latest audited consolidated financial results of PUB for the FYE 31 December 2023.

^{*2} Based on the latest audited consolidated financial results of the Metahub for FYE 31 December 2023, multiplied by the 51% equity interest to be acquired.

6.4 Convertible securities

Save for the LTIS options, the Company does not have any other existing convertible securities as at the LPD.

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6.5 Substantial shareholding structure

	Shareholdings as at the LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
Koon Hoi Chun	1,938,900	2.31	39,979,794 ^{*3}	47.69	1,938,900	1.92	53,810,303 ^{*4}	53.22
AKK Capital Sdn Bhd	39,979,794	47.69	-	-	39,979,794	39.54	-	-
IASB	-	-	-	-	13,830,509	13.68	-	-
Ung Yoke Hong	-	-	-	-	3,457,627	3.42	-	-

Notes:-

^{*1} Based on total number of 83,829,652 PUB Shares.

^{*2} Based on total number of 101,117,788 PUB Shares after the Proposed Acquisition.

^{*3} Deemed interested by virtue of his equity interest in AKK Capital Sdn Bhd.

^{*4} Deemed interested by virtue of his equity interest in AKK Capital Sdn Bhd and IASB.

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7. HIGHEST PERCENTAGE RATIO APPLICABLE

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is approximately 66.61% computed based on the Purchase Consideration of RM51.00 million for 51% equity interest in Metahub over the audited net assets of PUB for the FYE 31 December 2023.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals:-

- i. Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities;
- ii. The shareholders of PUB at an extraordinary general meeting to be convened; and
- iii. Any other relevant authority and/ or party, if required.

The Proposed Acquisition is not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders, and chief executive of PUB and/ or persons connected to them has any interests, whether direct or indirect, in the Proposed Acquisition:-

- i. Koon Hoi Chun is the Executive Chairman and major shareholder of PUB (2.31% direct shareholdings and 47.69% indirect shareholdings through his equity interest in AKK Capital Sdn Bhd). Koon Hoi Chun is also a major shareholder of Metahub (80.0% indirect shareholdings through his equity interest in IASB); and
- ii. AKK Capital Sdn Bhd is a major shareholder of PUB (47.69% direct shareholdings). AKK Capital Sdn Bhd is wholly owned by Koon Hoi Chun, the Executive Chairman and major shareholder of PUB.

Accordingly, the Interested Director has abstained and will continue to abstain from deliberating on the Proposed Acquisition at the relevant Board meetings. Additionally, the Interested Parties will abstain from voting in respect of its direct and/ or indirect shareholdings, if any, in the Company on the resolutions pertaining to the Proposed Acquisition to be tabled at the EGM. Further, the Interested Parties have also undertaken to ensure that person(s) connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM.

10. TRANSACTIONS WITH RELATED PARTY(IES) IN THE PRECEDING 12 MONTHS

The Group has not entered into any transactions with the Interested Parties in the 12 months preceding the date of this announcement.

11. DIRECTORS' STATEMENT

The Board (save for the Interested Director), having considered and deliberated on all aspects of the Proposed Acquisition including but not limited to the terms and conditions of the SPA, the basis and justification in arriving at the Purchase Consideration and the Issue Price for the Consideration Shares, the rationale and justification, the prospects of the enlarged Group as well as the pro forma effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of the Company.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of PUB, after taking into consideration the advice and preliminary opinion of the Independent Adviser, is of the opinion that the Proposed Acquisition is:-

- i. in the best interests of the Group;
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interest of the non-interested shareholders of the Company.

In forming its views, the Audit Committee of PUB has taken into consideration, amongst others, the following:-

- i. the rationale and justification for the Proposed Acquisition, as well as the prospects of enlarged Group;
- ii. the terms and conditions of the SPA;
- iii. the basis and justification in arriving at the Purchase Consideration as well as the Issue Price for Consideration Shares; and
- iv. the pro forma effects of the Proposed Acquisition.

13. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Acquisition is expected to be made within a period of 2 months from the date of this announcement.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Acquisition is expected to be completed by the third quarter of 2024.

15. ADVISERS

UOBKH has been appointed by the Company to act as the Principal Adviser for the Proposed Acquisition.

The Proposed Acquisition is deemed as a RPT by virtue of the interests of the Interested Parties, as outlined in **Section 9** of this announcement. Accordingly, MainStreet Advisers Sdn Bhd has been appointed by PUB to act as the Independent Adviser to undertake the following in relation to the Proposed Acquisition:-

- i. comment as to:-
 - a. whether the Proposed Acquisition is fair and reasonable in so far as the non-interested Directors and non-interested shareholders of the Company are concerned; and
 - b. whether the Proposed Acquisition is to the detriment of the non-interested shareholders of the Company,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- ii. advise the non-interested shareholders of the Company whether they should vote in favour of the Proposed Acquisition; and

- iii. take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subsections (i) and (ii) above

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Certificate will be made available for inspection at the registered office of PUB at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 27 May 2024.

SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

1. Conditional agreement to sell and purchase

- 1.1 Subject to the Conditions Precedent (as defined in **Section 2.1 of Appendix I**) being fulfilled (or if waivable, waived in accordance with **Section 2.2 of Appendix I**), the Vendors agreed to sell and PMSB, relying on, amongst other things, the representations, warranties and undertakings contained in the SPA, agreed to purchase the Sale Shares, on a willing buyer willing seller basis, free from any security interest and together with all rights, benefits and entitlements attaching to the Sale Shares (including all dividends and distributions, whether declared or undeclared, in respect thereof) and with full legal and beneficial title and accruing as at and from the Completion Date (as defined in **Section 5 of Appendix I**) on the terms and subject to the conditions contained in the SPA at the Purchase Consideration of **Ringgit Malaysia Fifty-One Million (RM51,000,000.00)** to be wholly satisfied vide allotment and issuance of new ordinary shares in PUB to the Vendors in accordance with **Section 3** below.

2. Conditions Precedent

- 2.1 The completion of the sale and purchase of the Sale Shares pursuant to the SPA ("**Completion**") is subject to the following conditions precedent ("**Conditions Precedent**") being fulfilled or waived (as applicable) within three (3) months commencing on the day immediately after the date of the SPA or any further extended period as mutually agreed in writing by the parties ("**Conditional Period**").

Conditions Precedent to be fulfilled by the Vendors

- (i) Receipt by PMSB or its solicitors the certified true copy of the board of directors' resolution of Metahub approving:-
- (a) the transfer and registration of the Sale Shares in favour of PMSB;
 - (b) the cancellation of the old share certificates issued in the name of the Vendors and the issuance of new share certificate in respect of the Sale Shares in favour of PMSB, if applicable;
 - (c) the entering into the register of members of Metahub, the name of PMSB, as the holder of the Sale Shares; and
 - (d) the appointment of such persons nominated by PMSB as directors, company secretary and auditor of Metahub in accordance with the written instruction received from PMSB with effect from the Completion Date.
- (ii) Obtaining of all the necessary approvals, consents and/or waivers from the financiers, creditors, regulatory authorities or third parties, if applicable, in respect of the sale and transfer of the Sale Shares in favour of PMSB, and where conditions have been imposed in respect of any of the above approvals, consents and/or waivers, such conditions being on terms reasonably satisfactory to PMSB.
- (iii) Receipt by PMSB or its solicitors the certified true copy of the board of directors' and shareholder's resolution, as the case may be, of IASB approving:-
- (a) the entry of the SPA by IASB in accordance with the terms and subject to the conditions of the SPA; and
 - (b) the disposal of the Sale Shares to PMSB pursuant to the SPA.

SALIENT TERMS OF THE SPA

Conditions Precedent to be fulfilled by PMSB

- (i) Obtaining of the approval of PUB's shareholders at an extraordinary general meeting to be convened for the Proposed Acquisition.
 - (ii) Receipt of the approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities ("**Bursa Approval**").
 - (iii) Receipt by the Vendors the certified true copy of the board of directors' and shareholder's resolution, as the case may be, of PMSB approving:-
 - (a) the entry of the SPA by PMSB in accordance with the terms and subject to the conditions of the SPA; and
 - (b) the acquisition of the Sale Shares from the Vendors pursuant to the SPA.
- 2.2 The SPA will become unconditional upon the Vendors' receipt of the written confirmation from PMSB's solicitors that all Conditions Precedent have been fulfilled and satisfied or waived ("**Unconditional Date**"). PMSB may waive any of the Conditions Precedent save and except for any Conditions Precedent that is for PMSB to fulfil. Any Condition Precedent agreed to be waived by PMSB will be deemed as a satisfaction or fulfilment of that Condition Precedent solely for the purpose to facilitate the Completion provided always that Vendors are required to satisfy the conditions after the Completion within such period of time as required by PMSB.

3. Payment of Purchase Consideration

- 3.1 Subject to adjustment as may be required by any relevant authority, the Purchase Consideration shall be satisfied by PUB allotting and issuing the Consideration Shares to the Vendors in the manner as follows:
- (i) the sum of **Ringgit Malaysia Forty Million and Eight Hundred Thousand (RM40,800,000.00)** only shall be paid by PMSB to IASB by way of issuance of 13,830,509 new PUB Shares to IASB; and
 - (ii) the sum of **Ringgit Malaysia Ten Million and Two Hundred Thousand (RM10,200,000.00)** only shall be paid by PMSB to UYH by way of issuance of 3,457,627 new PUB Shares to UYH.
- 3.2 PMSB undertakes to procure that PUB shall issue the Consideration Shares at **RM2.95** each based on a discount of approximately 7.07% to the 5-day VWAP of the Consideration Shares up to and including 24 May 2024 free from all security interests and to be credited to the following accounts accordingly, within thirty (30) days from the Unconditional Date or such other date as the Parties may mutually agree upon in writing (whichever is later):
- (i) approximately 72.55% of the Consideration Shares, which is equivalent to 12,542,373 new ordinary shares in PUB, to be credited as fully paid to the respective accounts of the Vendors proportionately; and
 - (ii) approximately 27.45% of the Consideration Shares, which is equivalent to 4,745,763 new ordinary shares in PUB, as the Pledged Consideration Shares, to be credited as fully paid to the pledged securities account maintained by the Escrow Agent who is authorised to hold the Pledged Consideration Shares on the Vendors' behalf.

SALIENT TERMS OF THE SPA

4. Profit Guarantee

4.1 The Vendors irrevocably and unconditionally guaranteed to PMSB that the actual aggregate PBT of Metahub for the Guaranteed Financial Years shall collectively be not less than **Ringgit Malaysia Fourteen Million (RM14,000,000.00)** ("**Aggregate Guaranteed Profit**") on the following basis:-

- (i) Metahub shall achieve actual PBT of not less than Ringgit Malaysia Six Million (RM6,000,000.00) for the FYE 31 December 2024 ("**FYE 2024 Minimum PBT**"); and
- (ii) Metahub shall achieve actual PBT of not less than Ringgit Malaysia Eight Million (RM8,000,000.00) for the FYE 31 December 2025 ("**FYE 2025 Minimum PBT**").

4.2 For the purposes of achieving the Aggregate Guaranteed Profit, the parties shall:-

- (i) not, without prior consent of PMSB, execute, implement or undertake any decision or action, which may have a negative impact on the actual aggregate PBT of Metahub, including but not limited to entering into new businesses or projects by Metahub which is not related to the existing business of Metahub and impose any management fees from holding company;
- (ii) provide funding supports where required, in the form of corporate guarantees or any means to meet existing banking facilities with financial institutions to enable Metahub to execute and complete its business to meet the Aggregate Guaranteed Profit; and
- (iii) with prior consent of PMSB which shall not be unreasonably withheld, permit the Vendors and their authorised representative access to Metahub's finances and accounts.

4.3 For the purposes of determining the actual PBT, PMSB shall procure and cause the auditor of PMSB or (at the sole discretion of PMSB) Metahub ("**Auditor**") to complete its annual statutory audit in respect of the accounts of Metahub not later than four (4) months from the last day of each of the Guaranteed Financial Years. The actual PBT for each of the Guaranteed Financial Years shall be as stated in the audited accounts prepared and issued by the Auditor which has been approved by board of directors of Metahub ("**Audited Accounts Approval Date**").

4.4 In the event that following the Audited Accounts Approval Date in respect of the audited accounts of Metahub for all of the Guaranteed Financial Years the actual aggregate PBT for the Guaranteed Financial Years is less than the Aggregate Guaranteed Profit, the Vendors shall, upon receipt of a notice in writing issued by PMSB, pay to PMSB in cash the shortfall sum calculated based on the following ("**Shortfall**"):-

$$\text{Shortfall} = (\text{Aggregate Guaranteed Profit} - \text{actual aggregate PBT of Guaranteed Financial Years}) \times 51\%$$

4.5 The Vendors shall pay the Shortfall to PMSB not later than thirty (30) days from the Audited Accounts Approval Date for the FYE 2025, failing which the Vendors shall be jointly liable to pay to PMSB late payment interest at eight per cent (8%) per annum commencing from the date next following the Audited Accounts Approval Date for the FYE 2025 until the full settlement.

4.6 The Profit Guarantee shall not be considered as revocable or satisfied by any intermediate payment but shall be a continuing guarantee and shall extend to cover any sum or sums of the Shortfall to PMSB until such time when the whole of the Shortfall shall have been fully paid.

4.7 Notwithstanding the Completion and without prejudice to all other rights and remedies available to PMSB, it shall constitute a material breach by the Vendors if the Vendors fail to pay and settle the Shortfall in full to PMSB within thirty (30) days from the Audited Accounts Approval Date for the FYE 2025, in which event PMSB shall be entitled, without any notice to or any further consent or concurrence by the Vendors, to instruct the Escrow Agent, by issuing a written notice stating the amount of the Shortfall that remains unpaid to PMSB ("**Default Notice**"), to:

- (i) sell the remaining Pledged Consideration Shares or any part thereof in any manner (including sale by private treaty) so instructed by PMSB in the Default Notice; and

SALIENT TERMS OF THE SPA

- (ii) utilise all or any moneys arising therefrom to recover the amount payable as stated in the said Default Notice to satisfy the Shortfall and all commissions and costs for the sale in any manner and on any terms as the Escrow Agent deems appropriate in accordance with the Default Notice.

5. Completion

Subject to the fulfilment of the Vendors' obligations and PMSB's obligations as respectively set out in the SPA, the Completion of the SPA shall take place on the date upon the expiry of thirty (30) days from the Unconditional Date or such other date as the Vendors and PMSB may mutually agree ("**Completion Date**").

6. Termination**6.1 PMSB's right to terminate**

If, before or on the Completion Date:-

- (i) it shall be found that any of the Vendors' warranties as stipulated in the SPA was, when given, or will be or would be, on the Completion Date (as if they had been given again at Completion) not complied with or otherwise untrue or misleading in any material respect;
- (ii) there is a breach of any material terms or conditions of the SPA or a failure to perform or observe any material undertaking, obligation or agreement in the SPA by the Vendors;
- (iii) a petition for winding up / bankruptcy is presented against Metahub and/or the Vendors;
- (iv) an order is made or a member's resolution is passed for the winding up/bankruptcy of Metahub and/or the Vendors;
- (v) an administrator, a receiver and/or manager is appointed by the court or pursuant to any statute or regulation or by any creditor pursuant to a debenture or any other security document in favour of such creditor over the undertaking, assets and properties of Metahub or any part of its assets and properties;
- (vi) an event analogous to any of the Section 6.1(iii), (iv) or (v) above has occurred in any jurisdiction; or
- (vii) any event occurs which affects or is likely to affect materially and adversely the financial position or business prospects of Metahub,

then provided where the default is capable of being remedied, is not remedied within fourteen (14) days commencing on the day immediately after the date PMSB gives written notice to the Vendors or any period provided for under the SPA, PMSB shall be entitled at PMSB's absolute discretion to either:-

- (a) seek specific performance of the SPA in which case PMSB shall be entitled to take such action as may be available to PMSB at law to enforce specific performance of the SPA against the Vendors and all other legal remedies available to PMSB as may be determined by the court;
- (b) proceed to Completion so far as practicable having regard to the defaults which have occurred without prejudice to all other rights and remedies available to it, including the right to claim damages; or
- (c) terminate the SPA and in such event, the Vendors shall jointly indemnify PMSB and keep PMSB indemnified against all fees and costs (including, without limitation, professional, accounting and legal costs) incurred by PMSB in the negotiation, preparation, execution and termination of the SPA and the fulfilment of any of the Conditions Precedent.

SALIENT TERMS OF THE SPA

6.2 Vendors' right to terminate

If, before or on the Completion Date:-

- (i) it shall be found that PMSB's warranties as stipulated in the SPA were, when given, or will be or would be, on the Completion Date (as if they had been given again at the Completion Date) not complied with or otherwise untrue or misleading in any material respect; or
- (ii) there is a breach of any material terms or conditions of the SPA or a failure to perform or observe any material undertaking, obligation or agreement in the SPA by PMSB,

then provided where the default is capable of being remedied, is not remedied within fourteen (14) days commencing on the day immediately after the date the Vendors give written notice to PMSB, the Vendors shall be entitled at the Vendors' absolute discretion to either:-

- (a) seek specific performance of the SPA in which case the Vendors shall be entitled to take such action as may be available to the Vendors at law to enforce specific performance of the SPA against PMSB and all other legal remedies available to the Vendor as may be determined by the court;
- (b) proceed to Completion so far as practicable having regard to the defaults which have occurred without prejudice to all other rights and remedies available to it, including the right to claim damages; or
- (c) terminate the SPA and in such event PMSB shall indemnify the Vendors and keep the Vendors indemnified against all fees and costs (including, without limitation, professional, accounting and legal costs) incurred by the Vendors in the negotiation, preparation, execution and termination of the SPA and the fulfilment of any of the Conditions Precedent.

- 6.3 Notwithstanding the rights of termination set out in **Section 6.1** and **Section 6.2** of **Appendix I**, the parties shall, prior to termination of the SPA, use their best endeavours and take such actions as may be necessary and equitable to negotiate on such terms with the principle of good faith with fairness and without detriment to the interests of any of them.

7 Vendors' continuing warranties

- 7.1 Notwithstanding Completion, the Vendors represent, warrant and undertake that licences approving the following having been granted to Metahub from the DOE, with the terms and conditions satisfactory to PMSB, as soon as practicable within six (6) months from the Completion or such other period as the Parties may otherwise mutually agree in writing and in any such event within the timeline as required by the relevant authority (collectively referred to as the "**DOE Licences**"):

- (i) approval to increase the annual capacity for aluminium from 2,400 MT a year to 36,000 MT a year; and
- (ii) approval to increase the annual capacity for waste water treatment from 2,400 MT a year to 30,000 MT a year.

8 Indemnity

- 8.1 From and after the Completion Date, the Vendors undertake and agree to pay and to indemnify fully, hold harmless and defend PMSB or Metahub (as PMSB may choose) from and against any and all the loss, cost, expense, damage, consequence and third party claim for damages suffered directly or indirectly by PMSB in connection with:

- (i) any losses, liabilities and/or contingent liabilities which the causes of action are accrued on or before the Completion Date;

SALIENT TERMS OF THE SPA

- (ii) any inaccuracy or breach of any of the Vendors' warranties or undertakings in connection with the DOE Licences as set out in the SPA;
- (iii) any act or omission done or omitted to be done in respect of or pertaining to the Pledged Consideration Shares, including any loss, direct or indirect, arising from the sale, disposal, and/or realisation of, and/or dealing with, all or any of the Pledged Consideration Shares;
- (iv) any loss or depreciation in value of any of the Pledged Consideration Shares arising from or through such sale, disposal and/or realization by the Escrow Agent in the event of occurrence of **Section 4.7** of **Appendix I** including any difference between the proceeds arising therefrom and the Shortfall sum that remains unpaid to PMSB;
- (v) any proceedings taken by PMSB claiming that any of the Vendors' warranties or undertakings whether contained in the SPA or in any agreement, certificate or other document delivered pursuant to the SPA is inaccurate, untrue or misleading in any material respects or has been breached in any material respects and in which judgment is given for PMSB; and
- (vi) the enforcement of any such settlement or judgment specified in **Section 8.1(v)** of **Appendix I**.