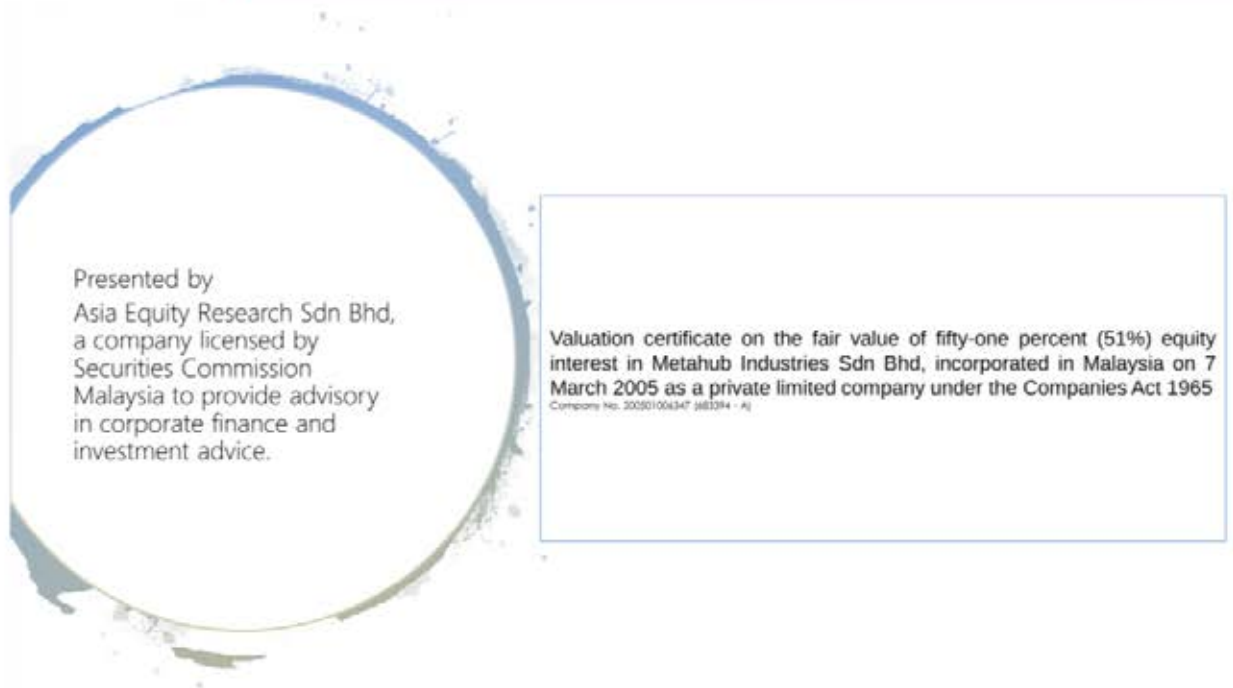


VALUATION CERTIFICATE ON 51% EQUITY INTEREST IN METAHUB INDUSTRIES SDN BHD



Independent Fair Valuation Certificate ("Valuation Certificate") is prepared by Asia Equity Research Sdn Bhd ("AER"), a company licensed by Securities Commission Malaysia in providing advisory in Corporate Finance and Investment Advice, for the board of directors of Paragon Union Berhad ("**PUB**" or "**the Company**").

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The directors of PUB are responsible to make available to us all relevant financial information pertaining to this fair valuation exercise, including informing us of any material changes which may have an impact on our valuation.

We have relied on information furnished to us by PUB, external information which is extracted from Bloomberg, information published in public domain and our own analysis in order for us to prepare this Valuation Certificate.

The preparation of the Valuation Certificate is based on prevailing economic, market and other conditions which may change over time.

Our Valuation Certificate is prepared based on the information / representation supplied to us on valuation date is correct / accurate. The result of our appraisal is also dependent upon no material omission of any information / representation of which the inclusion of such information / representation may have significant effects on the fair valuation results appraised by us. We reserve the exclusive right to revise our Valuation Certificate considering any information that existed at the date of the Valuation Certificate but which becomes known to us subsequent to the date of the Valuation Certificate.

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1 April 2024



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1 April 2024

PARAGON UNION BERHAD (Registration No.: 199401000779 / 286457-V)
 Lot 14 Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya,
 Batu 11 Cheras,
 43200 Cheras,
 Selangor Darul Ehsan.

Dear sirs,

ASCRIBING THE FAIR VALUE FOR 51% EQUITY INTEREST IN METAHUB INDUSTRIES SDN BHD

On 5 March 2024, PUB engaged AER to perform an independent equity valuation of fifty one percent (51%) equity interest in Metahub Industries Sdn Bhd ("**Metahub**").

Background information

Metahub was incorporated in Malaysia on 7 March 2005 as a private limited company under the Companies Act 1965. Metahub is principally involved in the business of recovery and reprocessing of precious metals from production waste and electronic scrap.

Metahub’s metal processing plant is situated at Lot 2247 and Lot 2248, Jalan Seelong Jaya 8, Seelong Jaya, 81300, Skudai, Johor.

Metahub collects electronic scraps from electronic companies, sorts and process the waste to recover recycled aluminium and copper by smelting to its melting points in specially dedicated furnace. Metahub earns its revenue from the total value recovered from the recycling process.

Metahub also collects and process production wastewater.

Tabulated below are the key assumptions applied on the projected Free Cash Flow to Equity ("**FCFE**") which covers a period of five years from FYE 31 December 2024 to FYE 31 December 2028.

Item number	Description	Minimum range	Maximum range
1	Fair value of 51% equity interest in Metahub, RM million	45.1	51.5
2	Equity discount rate	11.42%	11.42%
3	Discount for Lack of Marketability (DLOM) Metahub is a private company and to account for illiquidity risk, a DLOM has been applied.	30%	20%
4	Annual sustainable growth rate to determine the terminal value	0%	0%

Opinion of value

Using the FCFE approach and the above key basis and assumptions, the fair value for the **51%** equity interest in Metahub is between **RM45.1 million** to **RM51.5 million**.

As a cross check, the fair value range for the 51% equity interest in Metahub of between RM 45.1 million and RM51.5 million, shall translate to an implied forward P/E of between 6.8 times to 7.8 times respectively, based on the forward projected PAT in FYE 2025. ^{Note 1} In comparison, the traded trailing P/E multiple of the Comparable Companies are between 6.8 times to 15.9 times. The implied P/E based on the projected PAT in FYE 2025 falls within the range of P/E of the Comparable Companies.

Note 1

The recovery and reprocessing of recycled aluminium and copper are assumed to be fully functional in FYE 2025 for the 12 months of the financial year.

As a cross check, the fair value range for the 51% equity interest in Metahub of between RM45.1 million and RM51.5 million, shall translate to an implied forward EV/EBITDA of between 4.6 times to 5.3 times respectively, based on projected EBITDA of FYE 2025. ^{Note 1} In comparison, the traded trailing EV/EBITDA multiple of the Comparable Companies are between 3.2 times to 15.9 times. The lower range and upper range of RM45.1 million and RM51.5 million is within the range of EV/EBITDA of the Comparable Companies.

Note 1

The recovery and reprocessing of recycled aluminium and copper are assumed to be fully functional in FYE 2025 for the 12 months of the financial year.

Sources of Information

The list of information that was made available to us are detailed in **Appendix 10** of this Valuation Certificate. In the course of performing our work, we have sought clarification, performed the necessary cross-checks and sought clarification / confirmation for the sources of information that were supplied to us. However, we make no representation as to, and accepts no liability for any representations in relation to, the accuracy or completeness of information that was supplied to us.

Declaration of independence

AER and/or its directors and staff who are involved in this exercise do not own any equity ownership in PUB's shares or are involved in any advisory matters except being mandated to perform our scope of issuing a Valuation Certificate.

Yours faithfully

ASIA EQUITY RESEARCH SDN BHD



ONG TEE CHIN, CFA, FRM, CAIA
DIRECTOR

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Valuation Certificate:

"AER" or "Independent Adviser"	Asia Equity Research Sdn Bhd (Registration No.: 201401027762 / 1103848-M), a company licensed by the Securities Commission Malaysia to provide advisory services in corporate finance and investment advice
"β" or Beta	"β" or "beta" is a risk measurement that measures industry and financial risk of a listed company. The industry risk that are measured are general risk affecting a listed company, i.e., also known as systematic risk. It does not measure company specific risk. The beta measurement when the financial risk is excluded is known as unlevered beta, and the beta measurement that includes the financial risk element is known as levered beta
"Bursa Securities"	Bursa Securities Malaysia Berhad (Registration No.: 200301033577 / 635998-W)
"CAPM"	Capital Asset Pricing Model
"Comparable Companies"	Selected companies listed on listing exchanges that are involved in 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 as at Valuation Date.
"DLOM"	Discount for Lack of Marketability when a valuation exercise involves a private company that do not have exchange to trade for its shares
"FCFE"	Free Cash Flow to Equity
"FCFF"	Free Cash Flow to Firm
"FPE"	Financial period ending
"Future Financials"	Financial projection of Metahub from 2024 to 2028 prepared by Metahub
"FYE"	Financial year ending
"Metahub"	Metahub Industries Sdn Bhd (Registration No.: 200501006347 / (683394 - A))
"PAT"	Profit after tax
"P/E"	Price-to-earnings ratio
"PMSB"	Paragon Metal Sdn Bhd (Registration No.: 202101017573 / (1417873-H))
"PUB"	Paragon Union Berhad

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	(Registration No.: 199401000779 / (286457-V))
"RM"	Ringgit Malaysia
"Valuation Certificate"	Independent Valuation Certificate on appraising the fair value of 51% equity interest in Metahub
"Valuation Date"	23 March 2024

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1. EXECUTIVE SUMMARY

Item number	Explanation on key message	Section reference
1	<p>Purpose and scope of work</p> <p>On 5 March 2024, PUB engaged AER to perform an independent equity valuation of fifty one percent (51%) equity interest in Metahub.</p>	Section 2.1
2	<p>Results of valuation</p> <p>Using the FCFE approach and the key basis and assumptions, the fair value for the 51% equity interest in Metahub is between RM45.1 million to RM51.5 million.</p>	Section 3 Appendix 1 Appendix 2
3	<p>Justification / rationales of using income-based approach for Metahub</p> <p>Rationale of using FCFE as a primary approach:</p> <ul style="list-style-type: none"> (i) We noted that in the Future Financials of Metahub, the projected revenue was based on four income streams. <ul style="list-style-type: none"> (a) Recycling of industrial waste to recover and reprocess recycled aluminium. ^{Note 1} (b) Recycling of industrial waste to recover and reprocess recycled copper. ^{Note 1} (c) Treating industrial water to make it safe for release to environment. (d) Trading of scrap waste <p>Note 1 Prior to 2020, Metahub was already involved in the recovery and reprocessing of recycled aluminium and copper, but at a significantly smaller scale. In 2020, the annual production output of recycled aluminium and copper was 30 MT and 20 MT respectively.</p> <p>In the Future Financials the assumed production output for recovery and reprocessing of recycled aluminium for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 7,000, 18,000, 18,000, 24,000, 24,000 MT a year, respectively.</p> <p>In the Future Financials the assumed production output for recovery and reprocessing of recycled copper for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 5,304, 16,848, 17,784, 17,784, 17,784 MT a year, respectively.</p> <p>The recycling of industrial waste to recover and reprocess recycled aluminium and copper is expected to be operational in 2024 upon completion of new refurbished plants for recovery and reprocessing of aluminium dross and copper respectively. The recovery and reprocessing of recycled aluminium dross require a license from Department of Environment (“DOE”) and the present permit allows to produce up to 2,400 MT a year. Metahub is seeking an approval to increase in its license of production of recycled aluminium of up to 36,000 MT a year.</p> <p>The recycling of copper does not require a license.</p>	

	<p>The refurbished processing plant for aluminium is completed as at Valuation Date, however the refurbished copper processing plant is assumed to commence construction in the second half of 2024 with a projected capital expenditure of RM6.2 million.</p> <p>The FCFE can incorporate the <u>value contribution from</u> refurbished recover and process of recycled aluminium and copper.</p> <p>(ii) The value that is being appraised at 51% a controlling stake in a company (i.e. the ability to influence and control the financial and operational matters). FCFE can incorporate the value of the <u>controlling block</u>.</p>	
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2. BACKGROUND

2.1 INTRODUCTION AND TERMS OF REFERENCE

On 5 March 2024, PUB engaged AER to perform an independent equity valuation of fifty one percent (51%) equity interest Metahub.

On 27 May 2024, PMSB, entered into a conditional share sale and purchase agreement with Incredible Ark Sdn Bhd and Ung Yoke Hong (collectively the "**Vendors**"), for the proposed acquisition of 510,000 ordinary shares in Metahub, representing 51% equity interest in Metahub, for a purchase consideration of RM51.00 million.

2.2 BACKGROUND INFORMATION OF METAHUB AS AT VALUATION DATE

Item number	Description	
1	Company	Metahub was incorporated in Malaysia on 7 March 2005 as a private limited company under the Companies Act 1965. Metahub is principally involved in the business of recovery and reprocessing of precious metals from production waste and electronic scrap.
2	Registered Office	31-04 Level 31, Menara Landmark, No 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor, Malaysia.
3	Principal Activity	Metahub owns a metal processing plant which is situated at Lot 2247 and Lot 2248, Jalan Seelong Jaya 8, Seelong Jaya, 81300, Skudai, Johor. Metahub collects electronic scraps from electronic companies, sorts and process the waste to recover recycled aluminium and copper by smelting to its melting points in specially dedicated furnace. Metahub earns its revenue from the total value recovered from the recycling process. Metahub also collects and process production wastewater.
4	Directors	Yee Kwong Yik Mah Chin Cheong Kenneth Ang Wee Keong Koon Hon Hoong Ung Yoke Hong
5	Shareholders	Incredible Ark Sdn Bhd ^(Note 1) owns 800,000 ordinary shares or 80% equity interest in Metahub. Ung Yoke Hong owns 200,000 ordinary shares of 20% equity interest in Metahub. <u>Note 1</u> Koon Hoi Chun owns 24,150,000 ordinary shares or 50% equity interest in Incredible Ark Sdn Bhd. Koon Hon Hoong owns 24,150,000 ordinary shears of 50% equity interest in Incredible Ark Sdn Bhd.
6	Subsidiaries and associates	As at the LPD, Metahub does not have any subsidiary, joint venture and/ or associate companies.
7	Latest audited financial year ended	31 December 2022

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Item number	Description	
8	Auditor	Crowe Malaysia PLT
9	Accounting standard	Malaysian Financial Reporting Standards
10	Summary financial highlights FYE 31 December 2022	For FYE 31 December 2022, Metahub reported an annual revenue of RM14,572,247 with a PAT of RM5,207,658 and net assets of RM28,244,754. Included in the FYE 31 December 2022, was a gain on disposal of property, plant and equipment.

2.3 APPROACH USED TO VALUE METAHUB

Three main approaches are commonly used to appraise the fair value of an entity, namely cost approach, income approach and market approach (Source: IVS 105 Valuation Approaches and Methods).

Tabulated below are a discussion of the three approaches and the reason(s) of being selected / not selected as an approach to value Metahub.

Item number	Approach	AER's commentaries
1	<p>Cost based approach which measures the net fair values of assets less the liabilities.</p> <p>This approach is not selected for appraising the fair value of Metahub.</p>	<p>This approach is suitable for a company that has substantial assets which are tangible based in nature such as property development companies.</p> <p>As at 31 December 2022, the net assets and total assets of Metahub were RM28,244,754 and RM31,187,094 respectively.</p> <p>Metahub owns a piece of freehold land held under two lots, with the carrying value of RM1,933,374 representing 6.2% of the total assets.</p> <p>The freehold land is situated at Lot 2247 and Lot 2248, Jalan Seelong Jaya 8, Seelong Jaya, 81300, Skudai, Johor, which is where the metal processing plant is situated. The total land area for Lot 2247 and Lot 2248 are 4.88 and 4.92 acres respectively.</p> <p>No recent valuation is performed on the two plots of lands and hence, the revalued net assets approach was not performed.</p>
2	<p>Income based or also known as free cash flow-based approach which determines the present discounted value of a company based on a projected future cash flow of a business.</p>	<p>We were provided a set of Future Financials by Metahub, which was prepared based on Metahub's business plan for the period from FYE 31</p>

Item number	Approach	AER's commentaries
	<p>FCFE approach is selected as a primary approach to appraise the value of 51% equity interest in Metahub, with a DLOM of 20% to 30% is assumed.</p>	<p>December 2024 to FYE 31 December 2028.</p> <p>As at 31 December 2023 (unaudited), the total borrowings were RM457,252 as compared with its shareholders' funds of RM26,643,165.</p> <p>FCFE is chosen to as Metahub's capital structure is substantially funded by equity as opposed to a company which is funded substantially by debt, which in the latter, FCFF would be more appropriate in such situation.</p>
3	<p>Market based approach also known as Relative Valuation Approach ("RVA"), was selected as a secondary approach, to cross check the implied P/E and EV/EBITDA as derived at based on the fair value range as determined using the FCFE and compared against the traded multiples of the Comparable Companies.</p>	<p>We have screened and selected companies in Malaysia that are involved in closely similar companies that are similar to Metahub and the holding companies are listed.</p> <p>The following are the identified Comparable Companies:-</p> <ul style="list-style-type: none"> (i) JAG Berhad (ii) SE Resources Limited (iii) Tex Cycle Technology (M) Bhd <p>The Comparable Companies selected by us are used to determine the unlevered beta of the recycling manufacturing business in Malaysia and being used to compare the implied P/E and EV/EBITDA as derived using the FCFE primary approach with the traded multiples of the Comparable Companies, as a cross-check.</p>

2.4 COMPARABLE COMPANIES

Criteria for selection of Comparable Companies

- **JAG Bhd** is listed on the main market of Bursa Securities

For FYE 31 December 2023, 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 reported an aggregated revenue of RM189,968,545. This presented approximately 94% of the consolidated revenue.

The above activities were undertaken by its wholly owned subsidiary, i.e. Jaring Metal Industries Sdn Bhd.

- **5E Resources Ltd** is listed on the Catalist Board of the Singapore Stock Exchange Securities Trading Limited

The Group is principally engaged in scheduled waste management services, sales of recovered and recycled products and chemical trading. For the financial years ended 31 December 2023 and 2022, there are three operating segments based on business type:

- (1) scheduled waste management services,
- (2) sales of recovered and recycled products, and
- (3) chemical trading.

For FYE 31 December 2023, scheduled waste management services, sales of recovered and recycled products and chemical trading made up RM68,519,000, RM9,990,000 and RM1,452,000 respectively.

Established since 1997, 5E Resources Limited ("5E Resources" or the "Company") and together with its subsidiaries, the "Group" is one of the largest scheduled waste management services providers in Malaysia, focusing on the collection, transportation and treatment of scheduled waste. We aim to relieve customers of their environmental impact liabilities by providing them with tailored solutions that strive to maximise recovery of resources and minimise waste disposal. Our established customer base covers eight out of 13 states and two federal territories in Peninsular Malaysia. We have two other complementary business segments, namely the sales of recovered and recycled products, and chemical trading

Source: SE Resources Annual Report for FYE 31 December 2023

- **Tex Cycle Technology (M) Berhad** is listed on the ACE market of Bursa Securities

For FYE 31 December 2023, provision of waste recovery and recycling services, and rental of recycled products reported an aggregated revenue of RM29,144,021. This represented approximately 83% of the consolidated revenue.

Further information on the selected Comparable Companies including description, financial and valuation metrics are as presented under **Appendix 7**.

3. BASIS AND ASSUMPTIONS USED IN THE DETERMINATION OF THE FAIR EQUITY VALUE FOR 51% INTEREST IN METAHUB

3.1 Primary approach - FCFE

We were provided a set of Future Financials by Metahub, which was prepared based on Metahub's business plan for the period from FYE 31 December 2024 to FYE 31 December 2028 ("**Future Financials**").

The key basis and assumptions used in the Future Financials are as shown below:-

Item number	Financial parameters	Explanation of basis and assumption
1	Annual projected revenue and projected gross margin	<p>The projected revenue are assumed from four sources:-</p> <p>(a) The recovery and reprocessing of recycled aluminium. The recovery and reprocessing plant for aluminium is completed as at Valuation Date. See Appendix 8C for pictures of the set-up.</p> <p>The projected revenue from recovery and reprocessing of recycled aluminium is derived based on the projected annual recycled aluminium quantity and the assumed fee charged per MT.</p> <p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028, the annual projected revenue is RM6.0 million, RM15.3 million, RM15.3 million, RM21.4 million and RM21.4 million respectively.</p> <p>The corresponding projected gross margin for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 16%, 21%, 19%, 24% and 22% respectively.</p> <p>(b) The recovery and reprocessing of recycled copper. The copper recycling and processing plant is assumed to commence construction in the second half of 2024 with a projected capital expenditure of RM6.2 million.</p> <p>The projected revenue from recovery and reprocessing of recycled copper is derived based from the projected annual recycled copper quantity and the assumed fee charged per MT.</p> <p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028, the annual projected revenue is RM5.3 million, RM16.8 million, RM17.8 million, RM18.7 million and RM18.7 million respectively.</p> <p>The corresponding projected gross margin for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 33%, 35%, 36%, 38% and 36% respectively.</p> <p>(c) The treating of industrial waste water. The projected revenue from treating industrial waste water for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is</p>

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Item number	Financial parameters	Explanation of basis and assumption
		<p>RM8.1 million, RM23.0 million, RM24.3 million, RM26.9 million and RM 26.9 million respectively.</p> <p>The corresponding projected gross margin for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 35%, 38%, 37%, 40% and 38% respectively.</p> <p>(d) The trading of scrap industrial waste.</p> <p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028, the annual projected revenue is RM40.0 million, RM42.0 million, RM44.1 million, RM46.3 million and RM48.6 million respectively.</p> <p>The corresponding projected gross margin is 5% for each of the FYEs namely FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028.</p>
2	Capital expenditure	<p>Projected capital expenditure of RM6.2 million to be incurred in 2024 is for the construction of the recovery and reprocessing of recycled copper.</p> <p>An additional projected capital expenditure of RM3.0 million in 2027 is for the maintenance of both recycling plants.</p>
3	Fixed operating overhead cost	<p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028, the annual projected fixed operating overheads is RM1.41 million, RM2.23 million, RM2.28 million, RM2.34 million and RM2.40 million respectively.</p>
4	Corporate tax	<p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028, the annual corporate tax rate for the first RM600,000 is assumed at 17% and any taxable profits exceeding RM600,000 is assumed to be taxed at 24%.</p>
5	Net margin	<p>For FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is assumed at 7.5%, 13.4%, 13.4%, 14.9% and 13.9% respectively.</p>

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The key basis and assumptions used in the determination of the equity discount rate is as tabulated below:-

Item number	Input metrics	Source of input metrics and its basis	Input values used in FCFE
1	Cost of equity	<p>For the purpose of our evaluation, we have applied a cost of equity of 11.42%.</p> <p>The annual cost of equity rate is determined as follows:-</p> <ul style="list-style-type: none"> (i) First, to determine the unlevered beta of the Comparable Company, i.e., which translates to median of 0.745. (ii) Next, the unlevered beta is re-levered to the capital structure of Metahub based on a proposed target capital structure of equity and debt of 97.3% and 1.3% respectively. This translates to a levered beta of 0.755. (iii) Next, we apply the CAPM model, based on an annual expected equity market return of 10.561% and annual risk-free rate of 3.850% as extracted from Bloomberg, measured on 23 March 2024. (iv) We noted that in the Future Financials of Metahub, the projected revenue was based on four income streams. <ul style="list-style-type: none"> (a) Recovery and reprocessing of recycled aluminium in its refurbished plant in 2024. (b) Recovery and reprocessing of recycled copper which the plant is scheduled to be refurbished in the second half of 2024 with an estimated cost of RM6.2 million. (c) Treatment of industrial water for release into the environment. (d) Trading of scrap industrial waste. <p>The recycling of industrial waste to recover and reprocess of recycled aluminium and copper is a scaling up of business activity to be undertaken in 2024, that was last performed in 2020 at a smaller scale.</p> <p>To account for the additional risks associated with Metahub, an additional risk premium of 2.5% is applied on the required rate return computed using the CAPM model. 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.</p>	<p>11.42%</p>

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	Financial metrics	Maximum	CAPM formula
1	Annual expected market return*	10.561%	r_m
2	Annual risk-free rate*	3.850%	r_f
3	Equity risk premium	6.711%	$r_m - r_f$
4	Levered beta	0.755	beta (β)
5	Equity risk premium x beta	5.07%	beta x ($r_m - r_f$)
6	Required rate of return	8.92%	$r_f + \text{beta} \times (r_m - r_f)$
7	Specific risk for a private company	2.5%	e
8	Equity discount rate	11.42%	$r_f + \text{beta} \times (r_m - r_f) + e$
9	Equity discount rate used in this Valuation Certificate	11.42%	

Source: [1. WACC posted 23 March 2024 1April 2024 tax rate =24%](#)

Item number	Input metrics	Source of input metrics and its basis	Input values used in FCFE
2	Terminal Value ("TV")	<p>Terminal value is computed under two scenarios, two values had been assumed for the annual sustainable growth rate at the end of the Future Financials at the ending year of 2028.</p> <p>A zero percent annual sustainable growth rate is assumed as the year-on-year projected growth rate is projected at 2% between FYE 2027 and FYE 2028, after a projected annual growth rate of 64%, 5% and 12% between the year 2024 to 2027. A higher assumed year on year growth rate in FYE 2025 of 64% is attributable to the increased in revenue contribution from both the recovery and reprocessing of recycled aluminium and copper that are fully functional.</p>	0%

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4. FAIR EQUITY VALUE FOR 51% EQUITY INTEREST IN METAHUB

4.1 Primary approach – FCFE

Using the FCFE approach, the fair value for the 51% equity interest in Metahub is between the range of **RM45.1 million to RM51.5 million** as presented in the table below.

Item number	Description	Minimum range	Maximum range
1	Fair value of 51% equity interest in Metahub, RM million	45.1	51.5
2	Equity discount rate	11.42%	11.42%
3	Discount for Lack of Marketability (DLOM) Metahub is a private company and to account for illiquidity risk, a DLOM has been applied.	30%	20%
4	Annual sustainable growth rate to determine the terminal value	0%	0%

4.2 Secondary approach – Cross Checking

As a cross check, the fair value range for the 51% equity interest in Metahub of between RM 45.1 million and RM51.5 million, shall translate to an implied forward P/E based on the forward projected PAT in FYE 2025 ^{Note 1} of between 6.8 times to 7.8 times respectively. In comparison, the traded trailing P/E multiple of the Comparable Companies are between 6.8 times to 15.9 times. The implied P/E based on the projected PAT in FYE 2025 falls within the range of P/E of the Comparable Companies.

Note 1

The recovery and reprocessing of recycled aluminium and copper are assumed to be fully functional in FYE 2025.

As a cross check, the fair value range for the 51% equity interest in Metahub of between RM45.1 million and RM51.5 million, shall translate to an implied forward EV/EBITDA based on projected EBITDA of FYE 2025 ^{Note 1} of between 4.6 times to 5.3 times respectively. In comparison, the traded trailing EV/EBITDA multiple of the Comparable Companies are between 3.2 times to 15.9 times. The lower range and upper range of RM45.1 million and RM51.5 million is within the range of EV/EBITDA of the Comparable Companies.

Note 1

The recovery and reprocessing of recycled aluminium and copper are assumed to be fully functional in FYE 2025.

5. RISK CONSIDERATION IN FAIR VALUATION ASCRIBED

The fair valuation ascribed for Metahub, could be affected by a number of major risk factors such as the following broad categories amongst others: -

- (i) In the use of FCFE approach, the model relies on the assumptions of the Future Financials. If these assumptions are inaccurate or overly optimistic, this could affect the results of the fair value ascribed for the 51% equity interest of Metahub.

We have mitigated the risk of valuation by substantiating each of the key inputs and perform a cross-checking with the value range of the Comparable Companies.

- (ii) Any unforeseen factors that resulted in the projected FCFE being lower than projected, shall translate to a discount to the fair value ascribed by us.

Factors that could cause the lower projected FCFE include:-

- (a) The projected revenue is lower than anticipated. This may be due to the production volume is lower than projected. Factors that could cause the projected volume to be lower than projected include the disruption in obtaining the continuous supply of waste products which could be considered as the "raw materials" for the production of recycled metals such as copper and aluminium.
 - (b) The recovery and reprocessing of recycled aluminium and copper is a scale up of business activity expected to be operational in 2024. The processing plant for aluminium is completed as at Valuation Date, however the copper processing is assumed to commence construction in the second half of 2024 with a projected capital expenditure of RM6.2 million. Any delay in the construction from the assumed scheduled date shall translate to a discount to the fair value as appraised by us.
 - (c) The present annual output of approval permit granted by DOE for aluminium to Metahub is 2,400 MT a year. Metahub is seeking an approval to process up to 36,000 MT a year. The assumed production output for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 7,000, 18,000, 18,000, 24,000, 24,000 MT a year, respectively. If the increase in processing output is not granted by DOE, this shall translate to a discount to the fair value appraised by us.
 - (d) The present annual output of approval permit granted by DOE for waste water treatment is 2,400 MT a year. Metahub is seeking an approval to process up to 30,000 MT a year. The assumed production output for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 is 9,000, 25,500, 27,000, 28,500, 28,500 MT a year, respectively. If the increase in processing output is not granted by DOE, this shall translate to a discount to the fair value appraised by us.
 - (e) The projected cost is higher than anticipated. This could be caused by unexpected cost overrun.
 - (f) Interruption in production output.
 - (g) Failure to comply with regulatory compliance that resulted in disruption in production.
- (iii) Any unforeseen cost overrun that resulted in lower return of equity shall represent a discount to the fair value ascribed by us.

- (iv) Global and regional economic activity, which is dependent on a number of factors such as political and macro-economic factors beyond the control of Metahub subjected to fair valuation exercise. Significant global events that affect the regional and global growth may translate to lesser business volumes and accordingly shall negatively affect the fair valuation. During such period, valuation metrics may also change as investors tend to become risk adverse in most asset classes of investments and hence requiring higher required rate of return in appraising its valuation during periods of uncertainties which translate to a lower fair value range.
- (v) Changes in investor's risk appetite in the equity capital markets may contribute either positively or negatively to the fair value as appraised by us. In circumstances that lead to risk aversion shall result in lesser weightings allocated to equity capital markets and hence causing the equity price to be lower than the fair value as ascribed. Conversely, in circumstances that lead to increasing risk appetite shall result in increased weights allocated to equity capital markets and hence causing the equity price to be higher than its fair value as ascribed.

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**APPENDIX 1 – Minimum and maximum value range for 51% equity interest in Metahub
Minimum value**

Financial summary Metahub Industries Sdn Bhd		Future Financials				
		2024	2025	2026	2027	2028
Revenue		59.4	97.1	101.5	113.3	115.6
PAT / (LAT)		4.5	13.0	13.6	16.9	16.1
Net assets		30.8	41.6	48.7	58.7	66.5
Cash		0.9	11.5	20.0	28.4	38.0
Bank borrowings		0.24	0.02	-	-	-
Dividend		-	(2.20)	(6.50)	(6.80)	(8.40)
Dividend payout, %			-17%	-48%	-40%	-52%
Working capital management						
Trade receivable, days		27	17	17	18	18
Inventory, days		28	19	18	17	16
Trade payable, days		11	8	8	8	8
Financial analysis						
PAT margin, %		7.5%	13.4%	13.4%	14.9%	13.9%
ROE, %		14.5%	31.3%	28.0%	28.7%	24.3%
EBITDA		7.11	19.12	19.91	24.62	23.62
Projected Cash Flow Statement						
		2024	2025	2026	2027	2028
Cash Flows from Operating Activities						
Profit before tax		6.13	17.54	18.34	22.75	21.74
Adjustments						
Depreciation		0.97	1.57	1.57	1.87	1.87
Interest expense		0.02	0.01	0.001	-	-
Operating Cash before Working Capital Changes		7.11	19.12	19.91	24.62	23.62
Increase/decrease in receivables		(4.0)	(0.2)	(0.2)	(0.8)	-
Increase/decrease in payables		2.1	(1.4)	0.1	0.2	0.1
Cash Flow from Operations		5.2	17.6	19.8	24.0	23.7
Income Tax Paid		(1.4)	(4.5)	(4.7)	(5.9)	(5.6)
Net cash inflow from operating activities		3.7	13.0	15.1	18.2	17.2
Cash Flows from Investing Activities						
Purchase of property, plant and equipment		(6.2)	-	-	(3.0)	-
Net cash outflow from investing activities		(6.2)	-	-	(3.0)	-
Cash Flows from Financing Activities						
Interest Paid		(0.02)	(0.01)	(0.001)	-	-
Repayment of term loan		(0.22)	(0.22)	(0.02)	-	-
Dividend paid		-	(2.20)	(6.50)	(6.80)	(8.40)
Net cash outflow from financing activities		(0.23)	(2.43)	(6.52)	(6.80)	(8.40)
Net movement in Cash and Cash Equivalents		(2.7)	10.6	8.5	8.4	8.8
Cash and Cash Equivalents at beginning of financial year		3.6	0.9	11.5	20.0	28.4
Cash and Cash Equivalents at end of financial year		0.9	11.5	20.0	28.4	37.2
FCFE		(2.74)	12.79	15.03	15.16	17.20
Discount rate	11.42%					
Annual sustainable growth rate	0.0%					
Terminal value						150.65
Total value		(2.74)	12.79	15.03	15.16	167.85
Discount factor		0.8975	0.8056	0.7230	0.6489	0.5824
Fair value		(2.46)	10.30	10.87	9.83	97.76
Total value		126				
DLOM	30%					
Value after DLOM		88				
51% equity interest	51%					
		=	45.1			

Source: 1b. MI Forecast 2024 2025 v4-Revised Recycled Output

Appraised by AER

APPENDIX IV – VALUATION CERTIFICATE FROM AER

Maximum value

Financial summary
Metahub Industries Sdn Bhd

	Future Financials				
	2024	2025	2026	2027	2028
Revenue	59.4	97.1	101.5	113.3	115.6
PAT / (LAT)	4.5	13.0	13.6	16.9	16.1
Net assets	30.8	41.6	48.7	58.7	66.5
Cash	0.9	11.5	20.0	28.4	38.0
Bank borrowings	0.24	0.02	-	-	-
Dividend	-	(2.20)	(6.50)	(6.80)	(8.40)
Dividend payout, %		-17%	-48%	-40%	-52%
Working capital management					
Trade receivable, days	27	17	17	18	18
Inventory, days	28	19	18	17	16
Trade payable, days	11	8	8	8	8
Financial analysis					
PAT margin, %	7.5%	13.4%	13.4%	14.9%	13.9%
ROE, %	14.5%	31.3%	28.0%	28.7%	24.3%
EBITDA	7.11	19.12	19.91	24.62	23.62

Projected Cash Flow Statement

	2024	2025	2026	2027	2028
Cash Flows from Operating Activities					
Profit before tax	6.13	17.54	18.34	22.75	21.74
Adjustments					
Depreciation	0.97	1.57	1.57	1.87	1.87
Interest expense	0.02	0.01	0.001	-	-
Operating Cash before Working Capital Changes	7.11	19.12	19.91	24.62	23.62
Increase/decrease in receivables	(4.0)	(0.2)	(0.2)	(0.8)	-
Increase/decrease in payables	2.1	(1.4)	0.1	0.2	0.1
Cash Flow from Operations	5.2	17.6	19.8	24.0	23.7
Income Tax Paid	(1.4)	(4.5)	(4.7)	(5.9)	(5.6)
Net cash inflow from operating activities	3.7	13.0	15.1	18.2	17.2
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	(6.2)	-	-	(3.0)	-
Net cash outflow from investing activities	(6.2)	-	-	(3.0)	-
Cash Flows from Financing Activities					
Interest Paid	(0.02)	(0.01)	(0.001)	-	-
Repayment of term loan	(0.22)	(0.22)	(0.02)	-	-
Dividend paid	-	(2.20)	(6.50)	(6.80)	(8.40)
Net cash outflow from financing activities	(0.23)	(2.43)	(6.52)	(6.80)	(8.40)
Net movement in Cash and Cash Equivalents	(2.7)	10.6	8.5	8.4	8.8
Cash and Cash Equivalents at beginning of financial year	3.6	0.9	11.5	20.0	28.4
Cash and Cash Equivalents at end of financial year	0.9	11.5	20.0	28.4	37.2
FCFE	(2.74)	12.79	15.03	15.16	17.20
Discount rate	11.42%				
Annual sustainable growth rate	0.0%				
Terminal value					150.65
Total value	(2.74)	12.79	15.03	15.16	167.85
Discount factor	0.8975	0.8056	0.7230	0.6489	0.5824
Fair value	(2.46)	10.30	10.87	9.83	97.76
Total value	126				
DLOM	20%				
Value after DLOM		101			
51% equity interest	51%	=		51.5	

Source: 1b. MI Forecast 2024 2025 v4-Revised Recycled Output

Appraised by AER

APPENDIX 2 – Sensitivity analysis of the fair value of 51% equity interest in Metahub

For illustration purpose only, we have performed a sensitivity analysis to determine the effects on the 51% fair value of the equity interest if the annual projected revenue is reduced by a 5%, 10%, 15% and 20% from the base case projected revenue in the Future Financials.

We noted that as a reference only, a 5% reduction in the annual projected revenue over each of FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 shall translate to a reduction of approximately RM 1.1 million and RM 1.0 million on the minimum range and maximum range respectively.

			Effects on the min and max range due to changes in projected annual revenue on the fair value of 51% equity interest in Metahub				
			Sensitivity analysis if projected revenue decreases by a 5%, 10%, 15% and 20% from the base case projected annual revenue, with no change in projected gross margin of 13%, 20%, 20%, 22% and 21% for FYE 2024, FYE 2025, FYE 2026, FYE 2027 and FYE 2028 respectively. Equity discount rate at 11.42%				
			100%	95.0%	90.0%	85.0%	80.0%
Min range	DLOM at	20%	51.5	50.4	49.3	48.2	47.1
Max range	DLOM at	30%	45.1	44.1	43.2	42.2	41.2
Appraised by AER							


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APPENDIX 3 – Summary financial highlights of Metahub

Financial summary

Metahub Industries Sdn Bhd


	Audited	Audited		Audited
	FYE 31 Dec. 2021	FYE 31 Dec. 2022		FYE 31 Dec. 2023
	RM million	RM million		RM million
Revenue	14.2	14.6		9.2
PAT / (LAT)	0.10	5.21		(1.6)
Adjusted PAT in FYE 31 December 2022, after excluding the gain from the disposal of land	NA	0.87		NA
Net assets	23.0	28.2		26.6
Cash	3.8	9.7		3.6
Bank borrowings	0.9	0.7		0.5
Working capital management				
Trade receivable, days	63	13	< 30 days	16
Inventory, days	94	102	> 90 days	141
Trade payable, days	24	20	< 30 day	19
Financial analysis				
PAT margin, %	0.7%	5.9%		-17.4%
ROE, %	0.4%	3.1%		-6.0%

Source: Audited and management accounts  1c. Historical and summary

Financial summary

Metahub Industries Sdn Bhd

	Future Financials				
	2024	2025	2026	2027	2028
Revenue	59.4	97.1	101.5	113.3	115.6
PAT / (LAT)	4.5	13.0	13.6	16.9	16.1
Net assets	30.8	41.6	48.7	58.7	66.5
Cash	0.9	11.5	20.0	28.4	38.0
Bank borrowings	0.24	0.02	-	-	-
Dividend	-	(2.20)	(6.50)	(6.80)	(8.40)
Dividend payout, %		-17%	-48%	-40%	-52%
Working capital management					
Trade receivable, days	27	17	17	18	18
Inventory, days	28	19	18	17	16
Trade payable, days	11	8	8	8	8
Financial analysis					
PAT margin, %	7.5%	13.4%	13.4%	14.9%	13.9%
ROE, %	14.5%	31.3%	28.0%	28.7%	24.3%
EBITDA	7.11	19.12	19.91	24.62	23.62

Source: Metahub  1b. MI Forecast 2024 2025 v4-Revised Recycled Output

APPENDIX 4A – Historical audited financial statements of Metahub

Statement of comprehensive income

Year ended 31 December	2021 RM	2022 RM	2023 RM
REVENUE	14,217,241	14,572,247	9,195,008
COST OF SALES	(13,525,203)	(13,231,117)	(10,357,410)
GROSS PROFIT	692,038	1,341,130	(1,162,402)
OTHER INCOME	882,243	5,758,150	680,557
ADMINISTRATIVE EXPENSES	(1,269,806)	(1,375,262)	(1,388,224)
SELLING AND DISTRIBUTION EXPENSES	(48,657)	(33,733)	(37,394)
FINANCE COSTS	(34,382)	(29,707)	(19,228)
OTHER OPERATING EXPENSE		(163,953)	-
PROFIT BEFORE TAXATION	221,436	5,496,625	(1,926,691)
INCOME TAX EXPENSE	(121,600)	(288,967)	325,102
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	99,836	5,207,658	(1,601,589)

Source: Audited report

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APPENDIX 4B – Historical audited financial statements of Metahub

Statement of financial position

	2021 RM	2022 RM	2023 RM	% of assets	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	17,980,683	16,836,486	20,497,273	71%	70.8%
CURRENT ASSETS					
Inventories	3,490,626	3,683,414	4,000,899	14%	11
Trade receivables	2,454,776	521,747	392,694	1%	
Other receivables, deposits and prepayments	329,802	129,341	230,355	1%	
Current tax asset	577,670	309,320	212,001	1%	
Cash and bank balances	3,794,968	9,706,786	3,618,451	12%	11
TOTAL ASSETS	28,628,525	31,187,094	28,951,673	100%	
EQUITY AND LIABILITIES					
EQUITY				% of equity and liabilities	
Share capital	1,000,000	1,000,000	1,000,000		
Retained profits	22,037,096	27,244,754	25,643,165		
TOTAL EQUITY	23,037,096	28,244,754	26,643,165	92.0%	92%
NON-CURRENT LIABILITIES					
Term loan	657,349	460,995	254,955	0.9%	
Deferred tax liabilities	705,000	659,800	275,900	1.0%	
CURRENT LIABILITIES					
Trade payables	873,946	722,713	537,766	1.9%	
Other payables and accruals	3,122,957	903,502	1,037,590	3.6%	
Hire purchase payables	43,488	-	-		
Term loan	188,689	195,330	202,297	0.7%	
TOTAL LIABILITIES					
TOTAL EQUITY AND LIABILITIES	28,628,525	31,187,094	28,951,673	100.0%	
Details of Property, Plant and Equipment					
Freehold land	4,967,582	1,933,374	1,933,374	9%	9
Buildings	10,378,753	10,101,962	9,933,897	48%	48.5%
Air conditioner and electrical installation	477,425	419,915	323,019	2%	
Bearer plants	122,622	-	-		
Fixture, fittings and equipment	13,966	11,708	30,062	0.1%	
Motor vehicles	210,887	55,243	332,912	2%	
Plant and machinery	1,754,551	1,269,888	1,016,484	5%	11
Renovation	54,897	44,396	34,767	0.2%	
Capital work in progress	-	3,000,000	6,892,758	34%	33.6%
Total	17,980,683	16,836,486	20,497,273	100%	

Source: Audited report

APPENDIX 4C – Historical audited financial statements of Metahub

Cash flow statement

	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	221,436	5,496,625	(1,926,691)
Adjustments for:-			
Depreciation of property, plant and equipment	1,141,697	1,013,278	917,581
Finance costs	34,382	29,707	19,228
Gain on disposal of property, plant and equipment	(27,410)	(4,340,881)	17,629
Impairment loss on deposit paid	-	163,953	-
Interest income	(27,781)	(55,291)	(142,674)
Property, plant and equipment written off	23,847	-	9,508
Operating profit before working capital changes	1,366,171	2,307,391	(1,105,419)
Increase in inventories	(1,858,127)	(192,788)	(317,485)
Decrease/(increase) in trade and other receivables	(2,053,702)	1,969,537	28,039
(Decrease)/increase in trade and other payables	3,040,548	(2,627,267)	(50,859)
CASH FLOWS FROM OPERATIONS	494,890	1,456,873	(1,445,724)
Income tax refunded	-	85,750	329,719
Income tax paid	(61,199)	(151,567)	(291,198)
NET CASH FROM OPERATING ACTIVITIES	433,691	1,391,056	(1,407,203)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	27,781	55,291	142,674
Proceeds from disposal of property, plant and equipment	178,779	7,790,000	22,245
Purchase of property, plant and equipment	(74,901)	(3,061,621)	(4,627,750)
NET CASH FROM INVESTING ACTIVITIES	131,659	4,783,670	(4,462,831)
CASH FLOW FOR FINANCING ACTIVITIES			
Interest paid	(34,382)	(29,707)	(19,228)
Repayment of hire purchase obligations	(93,830)	(43,488)	-
Repayment of term loans	(170,028)	(189,713)	(199,073)
NET CASH FLOW FOR FINANCING ACTIVITIES	(298,240)	(262,908)	(218,301)
NET INCREASE IN CASH AND BANK BALANCES	267,110	5,911,818	(6,088,335)
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR	3,527,858	3,794,968	9,706,786
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR	3,794,968	9,706,786	3,618,451

Source: Audited report

APPENDIX 5 – Cost of equity of Metahub at 11.42% appraised on Valuation Date

Discount rate on Valuation Date

	Valuation metrics	CAPM formula	Malaysia
1	Annual expected market return	r_m	10.561%
2	Annual risk-free rate	r_f	3.850%
3	Equity risk premium	$r_m - r_f$	6.711%
4	Levered beta for Metahub	beta (β)	0.755
5	Equity risk premium x beta	beta x ($r_m - r_f$)	5.07%
6	Required rate of return	$r_f + \text{beta} \times (r_m - r_f)$	8.92%
7	Specific risk	ϵ	2.50%
8	Equity discount rate	$r_f + \text{beta} \times (r_m - r_f) + \epsilon$	11.42%
9	Equity discount rate used in the Valuation Certificate by AER		11.42%

Appraised by AER

Country/Region Data		Equity Data	
1) Expected Market Return	10.561%	Beta	0.912
2) Risk Free Rate	3.850%	Equity Risk Premium	6.118%
3) Country/Region Risk Premium	6.711%		

Source: Bloomberg

APPENDIX IV – VALUATION CERTIFICATE FROM AER

APPENDIX 6 – Median unlevered beta of the industry of 0.7452

Hamada Equation		RM million					RM million		RM million	
Beta (β) _{unlevered}	=	$\frac{V_E}{V_E + V_D(1 - \text{tax})}$	X	Beta (β) _{levered}	$V_D(1 - \text{Effective tax rate})$	V_D	V_E	V_E	β _{unlevered}	
Comparable Companies	Error factor quote	R ² (Correlation ²)	Adjusted beta ^{base-1}	Effective tax rate				$\frac{V_E}{[V_E + V_D(1 - \text{Effective tax rate})]}$		
JAG BHD	JAG MK Equity	0.0745	0.9366	48.16	63.4	187.5	0.80	0.74524	JAG Bhd provides software customization, maintenance, and training. The Company also sells software hardware and accessories.	
5E RESOURCES LTD	5ERES SP Equity	0.0061	0.5227	9.65	12.7	149.8	0.94	0.49110	5E Resources Limited operates as a waste management services company. The Company offers scheduled waste management, recovery reuse, and logistic services. 5E Resources serves customers in Singapore.	
TEX CYCLE TECHNOLOGY	TEXC MK Equity	0.0266	1.1202	24.62	32.4	237.6	0.91	1.01503	Tex Cycle Technology Malaysia Bhd. is an investment holding company. The Company, through its subsidiaries, collects soiled rags, wipes and gloves from the electronics, engineering, automobile, oil and gas, printing, and other manufacturing industries and safely disposes of them.	
Average						762				
Median						238				
<p>Note 1 - Beta as extracted from Bloomberg based on weekly measurement from 24 March 2022 to 23 March 2024</p> <p>Note 2 - Extracted from draft unaudited financial statements of Metahub for FYE 31 December 2023</p>										
Appraised by AER		Source: Bloomberg		Source: 1 - Wac/C period: 23 March 2024 - April 2024 - tax rate - 24%						

1. JAG Bhd



2. 5E Resources Ltd



APPENDIX IV – VALUATION CERTIFICATE FROM AER

APPENDIX 7 – Comparable Companies – Financial and Valuation Metrics

Comparable Companies		Ticker	Share price on 1 April 2024	Market capitalisation as on 1 April 2024, million	Financial year end	Latest audited accounts available					
Comparable Companies	Revenue, million					PAT/(LAT), million	Net assets, million	Short and long term debts, million	Cash and cash equivalents, million	Altman Z-Score	Current shares outstanding, million
JAG BHD	JAG MK Equity	0.315	194	31/12/2023	197.45	1.29	209.72	63.4	5.8	2.41	614.8
5E RESOURCES LTD	SERES SP Equity	1.031	146	31/12/2023	79.06	21.56	111.60	12.7	62.5	5.63	146.5
TEX CYCLE TECHNOLOGY	TEXC MK Equity	0.975	246	31/12/2023	35.09	15.54	140.22	32.4	7.1	4.62	252.8
Total			586		313	38	462				
Average											
Median											

By AER Source: Bloomberg and annual reports as at Valuation Date
 Source:  0. Compst template -recycling - 1 April 2024 parted-5 May 2024

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APPENDIX IV – VALUATION CERTIFICATE FROM AER

APPENDIX 7 – Comparable Companies – Financial and Valuation Metrics

Item number	Comparable Companies	Ticker	Adjusted beta - weekly for 2 years	$= (1 + (\text{Debt}/\text{Equity}) \times (1 - \text{effective tax}))$	Unlevered beta	Net margin, %	ROE, %	Gearing (D)/(D+E)	trailing P/E	trailing P/B	trailing EV/EBITDA	P/S
1	JAG BHD	JAG MK Equity	0.9679	1.15636	0.8371	0.7%	0.6%	23.2%	150.5	0.92	15.9	1.0
2	SE RESOURCES LTD	SERES SP Equity	0.4474	1.06728	0.4192	27.0%	19.3%	10.2%	6.8	1.31	3.2	1.8
3	TEX CYCLE TECHNOLOGY	TEXC MK Equity	1.1883	1.10724	1.0732	44.3%	11.1%	18.8%	15.9	1.76	11.0	7.0
	Total											
	Average				0.77650	24.0%	10.3%	17.4%	57.7	1.3	10.0	3.3
	Median				0.83705	27.0%	11.1%	18.8%	15.9	1.3	11.0	1.8
	Minimum				0.41922	0.7%	0.6%	10.2%	6.8	0.9	3.2	1.0
	Maximum				1.07321	44.3%	19.3%	23.2%	150.5	1.8	15.9	7.0
	Median											

By AER. Source: Bloomberg and annual reports as at Valuation Date

Source:  0. Cornis template - recycling - 1 April 2024, period-5 May 2024

The range of the implied trailing P/E is between 6.8 times to 15.9 times, **excluding** the implied P/E of Jag Bhd of 150.5 times as it is an outlier.

The range of the implied trailing EV/EBITDA is between 3.2 times to 15.9 times.

For FYE 31 December 2023, provision of recovery and sale of recycled products constituted approximately 97%, 100% and 89% of the annual revenue of JAG Bhd, SE Resources Ltd and Tex Cycle Technology Berhad.

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APPENDIX IV – VALUATION CERTIFICATE FROM AER

Analysis of historical share price, P/E and reported profitability for the period from 4 January 2021 to 5 April 2024

For the past three years, the average P/E of JAG Bhd was 33.98 times. On 1 April 2024 the implied P/E of Jag Bhd of 150.5 times is significantly higher than its average during the period of 4 January 2021 to 5 April 2024 (period of evaluation) and hence it is an outlier.

The Total Waste Management (TWM) has reported decreased in revenue and profitability in the current financial quarter. This is mainly due to low margin precious metal being disposed during the current financial quarter as compared to the previous year correspondence financial quarter. Source: Page 5 of the fourth quarterly announcement of JAG Bhd for FYE 31 December 2023.



Source: Bloomberg

APPENDIX IV – VALUATION CERTIFICATE FROM AER

Last price and market capitalisation of the Comparable Companies between evaluation date on 1 April 2024 (Appendix 7) until 11 June 2024

Start Date 22/3/2024
End Date

Dates	JAG MK Equity		SERES SP Equity		Tex Cycle Technology Bhd	
	JAG Bhd		SE Resources Ltd		Tex Cycle Technology Bhd	
	Last price RM	Market cap RM million	Last price RM	Market cap RM million	Last price RM	Market cap RM million
22/03/2024	0.305	188	1.053	150	0.940	238
25/03/2024	0.300	184	1.053	150	0.950	240
26/03/2024	0.310	191	1.035	147	0.915	231
27/03/2024	0.305	188	1.035	147	0.935	236
28/03/2024	0.305	188	0.999	142	0.935	236
29/03/2024	0.310	191	0.999	142	0.935	236
01/04/2024	0.315	194	1.031	146	0.975	246
02/04/2024	0.320	197	1.037	146	0.970	245
03/04/2024	0.320	197	1.037	147	0.950	240
04/04/2024	0.320	197	1.037	147	0.955	241
05/04/2024	0.320	197	1.037	147	0.970	245
08/04/2024	0.320	197	1.037	147	0.940	238
09/04/2024	0.325	200	1.006	142	0.950	240
10/04/2024	0.325	200	1.006	142	0.950	240
11/04/2024	0.325	200	1.052	148	0.950	240
12/04/2024	0.325	200	1.051	148	0.950	240
15/04/2024	0.320	197	1.052	148	0.960	243
16/04/2024	0.330	203	1.052	149	0.935	236
17/04/2024	0.325	200	1.052	149	0.940	238
18/04/2024	0.325	200	1.054	149	0.945	239
19/04/2024	0.320	197	1.054	149	0.945	239
22/04/2024	0.325	200	1.054	148	1.100	278
23/04/2024	0.325	200	1.054	149	1.080	273
24/04/2024	0.330	203	0.982	139	1.150	291
25/04/2024	0.340	209	0.984	139	1.110	281
26/04/2024	0.340	209	0.981	138	1.100	278
29/04/2024	0.340	209	0.981	139	1.140	288
30/04/2024	0.340	209	0.981	138	1.060	268
01/05/2024	0.340	209	0.981	138	1.060	268
02/05/2024	0.340	209	0.999	141	1.120	283
03/05/2024	0.340	209	1.054	149	1.130	286
06/05/2024	0.340	209	1.054	149	1.180	298
07/05/2024	0.340	209	1.054	148	1.180	298
08/05/2024	0.345	212	1.054	148	1.180	298
09/05/2024	0.350	215	1.034	146	1.220	308
10/05/2024	0.350	215	1.034	145	1.200	303
13/05/2024	0.360	221	1.034	145	1.270	321
14/05/2024	0.365	224	1.012	143	1.270	321
15/05/2024	0.370	227	1.031	146	1.250	316
16/05/2024	0.365	224	1.009	142	1.240	313
17/05/2024	0.375	231	1.009	143	1.230	311
20/05/2024	0.385	237	1.009	142	1.230	311
21/05/2024	0.390	240	1.009	143	1.250	316
22/05/2024	0.390	240	1.009	143	1.250	316
23/05/2024	0.390	240	1.009	142	1.250	316
24/05/2024	0.390	240	1.009	143	1.250	316
27/05/2024	0.390	240	1.045	147	1.290	326
28/05/2024	0.390	240	1.027	145	1.260	318
29/05/2024	0.375	231	1.027	145	1.280	324
30/05/2024	0.385	237	1.027	145	1.380	349
31/05/2024	0.380	234	1.045	147	1.340	339
03/06/2024	0.380	234	1.048	148	1.340	339
04/06/2024	0.385	237	1.048	148	1.380	349
05/06/2024	0.390	240	1.045	148	1.450	367
06/06/2024	0.395	243	1.046	148	1.430	361
07/06/2024	0.400	246	1.059	149	1.450	367
10/06/2024	0.400	246	1.064	150	1.440	364
11/06/2024	0.395	243	1.065	150	1.460	369

AER's Appendix 7 →

As a post measurement, we noted that the pricing for the three comparable companies had increased after 1 April 2024. Hence, we conclude that the pricing multiple table as tabulated in Appendix 7 remains relevant and do not warrant a re-evaluation.

by AER

APPENDIX 8A – Frontage view and workers' hostel



Source: Metahub

APPENDIX 8B – Pictures of wastewater processing plant



Vacuum evaporation is a process of separating a liquid from a solid or another liquid by using heat under reduced pressure. In this process, the liquid is heated in a vacuum chamber, which reduces the boiling point of the liquid. As a result, the liquid evaporates more easily, leaving behind the solid or another liquid.



Neutralization tanks are used to alter the pH level of corrosive waste drainage—by dilution or chemical neutralization—so the treated effluent can be safely discharged into sanitary sewer systems in compliance with local regulations.



A scrubber water treatment unit functions to remove polycyclic aromatic hydrocarbons (PAH), particulate matter (PM), and other unwanted particles. This process benefits the environment by fighting ocean acidification

Source: Metahub

APPENDIX 8C – Pictures of recovery and reprocessing plant for aluminium

- This plant processes aluminium waste provided by its customers to recover and reprocess recycled aluminium.
- The revenue earned by Metahub is related to the quantity of the aluminium processed measured in MT and the fee charges for processing the aluminium in RM per MT
- This plant was completed in early 2024.

	<p>A ball mill is used for grinding materials to reduce the particle size and eliminate agglomeration of the sorted solid waste</p>
	<p>The aluminium rotary furnace operates on the principle of high-temperature rotary melting, providing an effective solution for recycling aluminium. Its primary function is to melt aluminium scrap efficiently, facilitating the separation of impurities and transforming the material into molten aluminium ready for reuse.</p>
	<p>Dust collector serves to protect to remove debris and gas removal as component process in a recycling of scrap waste.</p>

Source: Metahub

APPENDIX IV – VALUATION CERTIFICATE FROM AER


APPENDIX 9B – Manufacturing license to carry out activities of scheduled waste to recover non-ferrous and precious metal and permit to import sodium hydroxide for purpose of water treatment and water recycling process.

<p>AKTA INDUSTRIAL 1972</p> <p>REPUBLIK MALAYSIA KERAJAAN MALAYSIA</p> <p>MINISTRY OF INTERNATIONAL TRADE KEMENTERIAN PERDAGANGAN MULIA</p> <p>AKTA PENYELARASAN PERINDUSTRIAN, 1972 LESEN PENJUALAN INDUSTRIAL CO-ORDINATION ACT, 1972 MANUFACTURING LICENCE</p> <p>No. Lic. A 028184 Date of Issue: 16 April 2009</p> <p>No. Lic. A 017134 Date of Issue: 16 September 2008</p> <p>PADA SEBUTNYA AKTA PENYELARASAN PERINDUSTRIAN, 1972 IN PURSUANCE OF THE INDUSTRIAL CO-ORDINATION ACT, 1972</p> <p>For a limited term licence I hereby</p> <p>ISSUE to MEYAMUS INDUSTRIES SDN. BHD. (Incorporated in Malaysia)</p> <p>since the said licence was issued on the date of 16 September 2008 as per the LICENCE MANUFACTURING as follows</p> <p>at the place of manufacturing at Lot 2267 & 2268, Jalan Seelong Jaya 5, Kg. Sinaran Baru Seelong, Mukim Telok, BEKOH Johor Bahru,</p> <p>Johor Darul Ta'zim</p> <p>for the purpose of carrying out the activities of recycling of scheduled waste to recover non-ferrous and precious metal and import of sodium hydroxide for the purpose of water treatment and water recycling process.</p> <p>Activities: Permit: Menjalankan aktiviti "recycling of Scheduled Waste To Recover Non-Ferrous And Precious Metals"</p> <p>Issued on: 16 April 2009</p> <p>_____ REGANAL PILLAY ISSUING OFFICER INDUSTRIAL CO-ORDINATION ACT, 1972</p>	<p>FORM A Pulvis Ordinances 1992 PERMIT TO PURCHASE, STORE AND USE OF SODIUM HYDROXIDE</p> <p>015296</p> <p>Permittee is hereby given to</p> <p>IMPORTATION LIMIT 2009 SULPHUR DIOXIDE & SO₂ DIOXIDE AS SET & USE 2009 Sulphur Dioxide Trading Day 11:00 hours</p> <p>No. AP: 770816000</p> <p>to purchase up to a maximum of 1000 kg of Sodium Hydroxide of the purity hereunder specified: Liquid: 100%</p> <p>Water Waste Treatment & Metal Recycling Process</p> <p>This permit is issued subject to the provisions of the Pulvis Ordinances 1992, and the Pulvis (Sulphur Dioxide) Regulations 1997 and shall expire on 31st December after the date issue. It should be understood to the permit from which the last purchase of Sodium Hydroxide is made when the total amount permitted has been purchased.</p> <p>Dated at _____ on the _____ day of _____ 2009</p> <p>Register No. 02800004 Signed _____ LICENSING OFFICER DR. ALI MOHYAR BIN FUSOYI (M.A. ANSAR) No. Pendaftaran Perlesenan: 0001 Pusat Pendaftaran Perlesenan Pangayah, Telekom Negara Jalan Kuching, Negara 2008</p>
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Note:-
Sodium hydroxide is used in water treatment for pH adjustment and precipitation of metals

APPENDIX 10 – Sources of information

This Valuation Report has been prepared by AER based on information (but are not limited to the list as stated below), as provided to us by PUB, are as listed below: -

- (i) a copy of the audited accounts of Metahub for FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023
- (ii) a copy of the Future Financials furnished to us Metahub for 2024 to 2028
 1b. MI Forecast 2024 2025 v4

END OF REPORT



Metahub Industries Sdn. Bhd. 200501004347
(600319-K-AJ)
Lot 2247 & 2248, Jalan Seelong Jaya 8, Seelong Jaya, 81300 Skudai, Johor, Malaysia.
Tel : + 60 (7) 5983363 Email : info@metahub.com.my

Registered Office

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur

Date: 14 OCT 2024

**The Board of Directors of
PARAGON UNION BERHAD**

Dear Sir/ Madam,

On behalf of the Board of Directors of Metahub Industries Sdn Bhd ("**Metahub**" or the "**Company**"), we wish to report that after due enquiries by the Company in relation to the period between 31 December 2023, being the date to which the last audited financial statements of the Company had been made up, and up to the date of this letter, being a date not earlier than 14 days before the issuance of this Circular, that:-

- (i) the business of Metahub has, in the opinion of the Board of Directors of Metahub, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of Metahub, no circumstances have arisen since the last audited financial statements of Metahub which have adversely affected the trading or the value of the assets of Metahub;
- (iii) the current assets of Metahub appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by Metahub;
- (v) there have been, since the last audited financial statements of Metahub, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings in which the Board of Directors of Metahub are aware of; and
- (vi) there have been no material changes to the published reserves or any unusual factors affecting the profits of Metahub since the last audited financial statements of Metahub.

Yours faithfully
For and on behalf of the Board of Directors of
METAHUB INDUSTRIES SDN BHD



KOON HON HOONG
Director



KENNETH ANG WEE KEONG
Director

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Information relating to Metahub in this Circular was obtained from publicly available sources and/ or provided by Metahub as well as directors and/ or management of Metahub. The responsibility of the Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such information.

2. CONSENT

UOBKH, being the Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

AER, being the Independent Valuer in relation to the valuation of Metahub, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, Valuation Certificate, and all references thereto in the form and context in which they appear in this Circular.

Mainstreet, being the Independent Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser for the Proposed Acquisition.

AER has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Valuer in relation to the valuation of Metahub.

Mainstreet has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Acquisition.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group.

5. MATERIAL COMMITMENT

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by the Group that has not been provided for which, may have a material impact on the financial results/ position of the Group.

6. CONTINGENT LIABILITIES

As at the LPD, the Board confirms that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitutions of PUB and Metahub;
- ii. Audited consolidated financial statements of PUB Group for the past 2 financial years up to the FYE 31 December 2023 and the latest unaudited accounts for the 6-month FPE 30 June 2024;
- iii. Audited financial statements of Metahub for the past 2 financial years up to the FYE 31 December 2023 and Metahub's 7 months management accounts as at 31 July 2024;
- iv. Valuation Certificate for Metahub prepared by AER;
- v. Directors' report on Metahub as shown in **Appendix V** of this Circular;
- vi. Letters of consent and declaration of conflict of interest referred to in **Sections 2 and 3 of Appendix VI** above respectively; and
- vii. SPA as referred to in **Appendix II** of this Circular.



PARAGON UNION BERHAD

PARAGON UNION BERHAD

Registration No. 199401000779 (286457-V)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting ("**EGM**") of Paragon Union Berhad ("**PUB**" or the "**Company**"), which will be held as a virtual meeting at the Broadcast Venue at Board Room, Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, Batu 11, 43200 Cheras, Selangor Darul Ehsan ("**Broadcast Venue**"), through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities at <https://paragon-egm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn Bhd in Malaysia on Wednesday, 30 October 2024 at 3:30 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification the resolution as set out in this notice.

ORDINARY RESOLUTION

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 17,288,136 NEW ORDINARY SHARES IN PUB ("PROPOSED ACQUISITION")

"**THAT**, subject to the approvals from all relevant authorities and/ or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given for the Paragon Metal Sdn Bhd ("**PMSB**") to acquire Metahub Industries Sdn Bhd at the purchase consideration of RM 51.00 million to be satisfied wholly via the issuance of 17,288,136 new ordinary shares in PUB ("**Consideration Shares**") at the issue price of RM2.95 per Consideration Share upon the terms and subject to the conditions set out in the conditional share sale and purchase agreement dated 27 May 2024 entered into by PMSB with Incredible Ark Sdn Bhd and Ung Yoke Hong ("**Vendors**") ("**SPA**").

THAT the Consideration Shares, shall upon issuance and allotment to the Vendors or their sole nominee, rank equally in all respects with the existing ordinary shares in PUB, save and except that the holder of the Consideration Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions where the entitlement of such dividends, rights, allotments and/or any other forms of distribution precedes the date of issuance and allotment of the Consideration Shares.

THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory preemptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.

AND THAT the Board of Directors of PUB (save for Koon Hoi Chun) be and is hereby authorised and empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and to give full effect to the Proposed Acquisition with full power to deal with all matters incidental, ancillary to and/ or relating thereto and take all such steps and to execute and deliver and/ or caused to be executed and delivered all the necessary documents, including the SPA, corporate guarantee and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/ or guarantees to or with any party or parties, and to do all acts, deeds and things as they may consider necessary or expedient or in the best interest of the Company with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

By Order of the Board

TAN TONG LANG (MAICSA 7045482) (SSM PC NO. 202208000250)
LIM WEN THENG (MAICSA 7073397) (SSM PC NO. 202308000441)
Company Secretaries

Kuala Lumpur
15 October 2024

Notes:-

1. *Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this EGM using RPV Facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia via its portal website at <https://paragon-egm.digerati.com.my>.*
2. *A member entitled to participate and vote at the meeting is entitled to appoint up to two (2) proxies to participate and vote remotely in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *If the member is a corporation, the Proxy Form must be executed under its seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy must be deposited at the office of Share Registrar of the Company, situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 October 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his(her) behalf.*



PARAGON UNION BERHAD

Registration No. 199401000779 (286457-V)
(Incorporated in Malaysia)

Administrative Guide for Extraordinary General Meeting ("EGM")

Meeting Day and Date	: Wednesday, 30 October 2024
Time	: 3:30 p.m.
Broadcast Venue	: Board Room, Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, Batu 11, 43200 Cheras, Selangor Darul Ehsan
Online Meeting Platform	: https://paragon-egm.digerati.com.my (Domain registration number D1A119533)

1. Virtual Meeting

- 1.1 The EGM will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities.
- 1.2 Kindly ensure that you are connected to the internet at all times in order to participate and/or vote at our virtual Meeting. Therefore, it is your responsibility to ensure that connectivity for the duration of the Meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants. The Company, the Board and its management, registrar and other professional advisers (if any) shall not be held responsible or be liable for any disruption in internet line resulting in the participants being unable to participate and/or vote at the Meeting.

2. Entitlement to Participate and Vote

- 2.1 Only depositors whose names appear on the Record of Depositors as at **23 October 2024** shall be entitled to participate and/or vote at the meeting or appoint proxy(ies) / corporate representative(s) to participate and/or vote on his/her behalf by returning the duly executed Form(s) of Proxy.

3. Appointment of Proxy

- 3.1 If you are unable to attend and participate at the meeting via RPV facilities, you may appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

- 3.2 The instrument appointing a proxy and the power of attorney or other authority i.e. the corporate representatives / authorised nominees or exempt authorised nominees who wishes to attend and participate at the meeting via RPV facilities, please ensure the duly executed original Form(s) of Proxy or the original / duly certified Certificate(s) of Appointment of its corporate / authorised representative / power of attorney / letter of authority or other documents proving authority must be deposited at the Share Registrar's office of the Company, B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting i.e. not later than **Monday, 28 October 2024 at 3:30 p.m.**

4. Submission of Questions

- 4.1 Members and proxies may submit their questions via the real time submission of typed texts through a text box at <https://paragon-egm.digerati.com.my> during the live streaming of the EGM. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/ relevant adviser during the meeting.

5. Voting Procedure


- 5.1 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the Meeting will be conducted by poll.
- 5.2 For the purpose of the Meeting, e-Voting can be carried out using personal smart mobile phones, tablets, personal computers or laptops.
- 5.3 The polling will commence from the scheduled starting time of the Meeting and close upon the Chairman announces the closing of voting period towards the end of the Meeting after the question-and-answer session.
- 5.4 The Independent Scrutineer will verify the poll results reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or not.

6. Remote Participation and Voting

- 6.1 Please note that all shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees, and proxies shall use the RPV facilities to participate and/or vote remotely at the meeting (ii) to (iv) through their authorised representatives.
- 6.2 If you wish to participate in the Meeting, you will be able to view a live webcast of the Meeting, pose questions and/ or submit your votes in real time whilst the Meeting is in progress.
- 6.3 Kindly follow the procedures to register for RPV.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the EGM remotely using RPV must follow the following procedures:-

Step	Action	Procedure
A	<p>To register as a user at website: https://paragon-egm.digerati.com.my</p> 	<ul style="list-style-type: none"> ● Click 'Register' to sign up as a new user. ● Upload your identity documents. ● Complete and submit your registration. ● Verify your email in your mailbox to complete the registration. ● You will be notified upon successful or rejected registration. ● You may pose any questions to the Chairman/Board using the website. <p>*Note:</p> <ul style="list-style-type: none"> ❖ Please check your spam mailbox if you do not receive emails from us. ❖ Registered users and proxies may skip this step. ❖ Identity documents will be deleted after registration.
B	To virtually attend the EGM	<ul style="list-style-type: none"> ● Within three (3) days before the EGM, you will receive login credentials to join the meeting upon approval.
C	On the day of EGM	<ul style="list-style-type: none"> ● Access the meeting through the link on the website or received in the email. ● Use alternate link if you face audio issue during the meeting. ● If you have any questions for the Chairman/Board, utilize the Q&A section to submit your questions. ● Submit your vote within a specified period once the Chairman announces that the voting is open. ● Voting will close upon the expiry of the voting period. ● The broadcast will terminate upon the Chairman's announcement of the poll results.

Enquiry

If you have any enquiries prior to the EGM, please contact the following during office hours from Mondays to Fridays from 8.30a.m. to 5.30p.m. (except public holiday): -

The Share Registrar

Aldpro Corporate Services Sdn. Bhd.

Address : B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur, Wilayah Persekutuan
Email Address : admin@aldpro.com.my
Contact Persons : Ms. Wong Fui Sin / Ms. Christine Cheng
Telephone No. : +603 9770 2200

OR

RPV Technical Support

If you have any enquiry in relation to registration, logging in and system related, please contact the Technical Support:

Technical Support : Digerati Technologies Sdn. Bhd.
Tel No. : +6011-6338 8316
Email : support@digerati.com.my



PARAGON UNION BERHAD

PARAGON UNION BERHAD
 Registration No. 199401000779 (286457-V)
 (Incorporated in Malaysia)

CDS Account No. (for Nominees Account only)	
No. of Shares Held	

I/We, _____ (FULL NAME IN BLOCK LETTERS)

NRIC/Passport No./Company Registration No. _____

of _____
 (FULL ADDRESS)

contact no. _____ email address _____ being a member/ members of **Paragon Union Berhad ("Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company which will held as a virtual meeting at the Broadcast Venue at Board Room, Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, Batu 11, 43200 Cheras, Selangor Darul Ehsan ("**Broadcast Venue**"), through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities at <https://paragon-egm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn Bhd in Malaysia on Wednesday, 30 October 2024 at 3:30 p.m., or at any adjournment thereof.

PROXY 1	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

*and/or

PROXY 2	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the EGM of the Company.

**Strike out whichever is not applicable*

I/We direct my/our proxy to vote for or against the resolution to be proposed at the EGM as indicated hereunder:-

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED ACQUISITION		

Dated this.....day of.....2024.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

.....
 Signature/Common Seal of Member(s)

No. of Shares	
Proxy 1	_____ %
Proxy 2	_____ %
Total	_____ 100%

Notes:-

1. *Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this EGM using RPV Facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia via its portal website at <https://paragon-egm.digerati.com.my>.*
2. *A member entitled to participate and vote at the meeting is entitled to appoint up to two (2) proxies to participate and vote remotely in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *If the member is a corporation, the Proxy Form must be executed under its seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy must be deposited at the office of Share Registrar of the Company, situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 October 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his(her) behalf.*

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AFFIX
STAMP

The Share Registrar of
PARAGON UNION BERHAD
Registration No.: 199401000779 (286457-V)
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

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