

Announcement

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS
PARAGON UNION BERHAD ("PUB" OR THE "COMPANY") PROPOSED DISPOSAL BY PUB OF 100% EQUITY
INTEREST IN PARAGON CAR CARPETS & COMPONENTS SDN BHD FOR AN INDICATIVE DISPOSAL
CONSIDERATION OF RM13.42 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

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Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
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On behalf of the Board of Directors of PUB ("**Board**"), UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) ("**UOBKH**") wishes to announce that PUB had on 10 September 2025 entered into a conditional share sale agreement ("**SSA**") with Oceancash Pacific Berhad ("**OPB**" or the "**Purchaser**") for the proposed disposal of 22,750,000 shares ("**Sale Shares**") in Paragon Car Carpets & Components Sdn Bhd ("**PCCCSB**"), representing 100% equity interest in PCCCSB for an indicative disposal consideration of RM13.42 million ("**Indicative Disposal Consideration**") to be adjusted in accordance with the terms of the SSA, and to be satisfied entirely via cash ("**Proposed Disposal**").

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

This announcement is dated 10 September 2025.

Announcement Info

Company Name	PARAGON UNION BERHAD
Stock Name	PARAGON
Date Announced	10 Sep 2025
Category	General Announcement for PLC
Reference Number	GA1-10092025-00033

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

PROPOSED DISPOSAL BY PUB OF 100% EQUITY INTEREST IN PARAGON CAR CARPETS & COMPONENTS SDN BHD FOR AN INDICATIVE DISPOSAL CONSIDERATION OF RM13.42 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

1. INTRODUCTION

On behalf of the Board of Directors of PUB ("**Board**"), UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) ("**UOBKH**") wishes to announce that PUB had on 10 September 2025 entered into a conditional share sale agreement ("**SSA**") with Océancash Pacific Berhad ("**OPB**" or the "**Purchaser**") for the proposed disposal of 22,750,000 shares ("**Sale Shares**") in Paragon Car Carpets & Components Sdn Bhd ("**PCCCSB**"), representing 100% equity interest in PCCCSB for an indicative disposal consideration of RM13.42 million ("**Indicative Disposal Consideration**") to be adjusted in accordance with the terms of the SSA, and to be satisfied entirely via cash ("**Proposed Disposal**").

Further details of the Proposed Disposal are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal of the Sale Shares to the Purchaser, for the Disposal Consideration (as defined herein), free from all encumbrances and together with all rights attaching to them now or hereafter attaching thereto, in accordance with the terms and conditions of the SSA. Details of the adjustment mechanism are set out in **Section 2.4** of this announcement, and the salient terms of the SSA are set out in **Appendix I** of this announcement.

For the avoidance of doubt, PCCCSB is a wholly-owned subsidiary of PUB and upon completion of the Proposed Disposal, PCCCSB will cease to be a wholly-owned subsidiary of PUB.

The Proposed Disposal is not a related party transaction. In addition, the Proposed Disposal is not a Major Disposal pursuant to Paragraph 10.02(eA) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") as the completion of the Proposed Disposal will not result in PUB and its subsidiaries ("**PUB Group**" or the "**Group**") being classified as a cash company, affected listed issuer or Practice Note 17 Issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements, respectively.

2.1 Pre-completion restructuring plan

As commercially agreed between PUB and the Purchaser ("**Parties**"), the Proposed Disposal shall only entail the disposal of PCCCSB to the Purchaser, whereas PCCCSB's subsidiaries and properties will be excluded pursuant to the pre-completion restructuring steps set out below. These pre-completion restructuring steps are conditions precedent under the SSA and are required to be satisfied by PUB and PCCCSB prior to the SSA becoming unconditional.

- i. **Divestment of PCCCSB's subsidiaries** - PUB shall acquire from PCCCSB its entire equity interest in Paragon Carpetmaker Sdn Bhd ("**PCM**"), PCCCSB's wholly-owned subsidiary, which in turn holds 100% equity interest in Paragon Carpet Distributor Sdn Bhd ("**PCD**") ("**Divestment of Subsidiaries**"). The investment in PCM (together with PCD) has a net book value of approximately RM8.69 million as at 30 June 2025 and is intended to be disposed to PUB for a consideration of RM15.85 million, resulting in a net increase of approximately RM6.84 million to PCCCSB's net tangible assets ("**NTA**"). Upon completion of the Divestment of Subsidiaries, PCM and PCD shall become wholly-owned subsidiaries of PUB;

- ii. **Divestment of factory land** - PUB shall acquire from PCCCSB the leasehold industrial land together with the buildings erected thereon, held under HSM 4050, PT No. 7637, Tempat Cheras Jaya, Mukim Cheras, Daerah Ulu Langat, Negeri Selangor, measuring approximately 8,094 square metres (equivalent to 87,124 square feet), with a total built up area of 76,963 square feet ("**Factory Land**") ("**Divestment of Factory Land**"). The Factory Land has a net book value of approximately RM25.77 million as at 30 June 2025 and is intended to be disposed to PUB for a consideration of RM26.00 million, resulting in a gain of approximately RM0.23 million. After taking into account the related revaluation surplus (net of deferred tax liabilities), the overall net effect is expected to increase PCCCSB's NTA by approximately RM0.23 million.

Following the Divestment of Factory Land, the Parties have agreed that certain expenditures relating to electrical and installation works, and building renovation incurred by PCCCSB in respect of the Factory Land, amounting to approximately RM1.15 million as at 30 June 2025, will be written off and excluded from PCCCSB's NTA in arriving at the Disposal Consideration ("**Excluded Expenditure**"); and

- iii. **Dividend and capital repayment** - The Parties agree that, prior to the completion of the Proposed Disposal, PCCCSB will undertake a special dividend and capital repayment to PUB ("**Dividend and Capital Repayment**"). The aggregate value of the Dividend and Capital Repayment is expected to be approximately RM40.50 million, determined based on the consideration of the Divestment of Factory Land (i.e. RM26.00 million), the consideration of Divestment of Subsidiaries (i.e. RM15.85 million), and PCCCSB's net intercompany balances of approximately RM1.36 million owing to PUB as at 30 June 2025. For clarity, the settlement of intercompany balances between PCCCSB and PUB is a condition precedent under the SSA.

The Divestment of Subsidiaries, Divestment of Factory Land, Dividend and Capital Repayment, and Excluded Expenditure are collectively referred to as the "**Excluded Assets & Payments**" and will be excluded from the calculation of the Disposal Consideration, as further set out in **Section 2.4** of this announcement.

Accordingly, the subject matter of the Proposed Disposal only entails the disposal of the Sale Shares in PCCCSB from PUB to the Purchaser, whereas the subsidiaries of PCCCSB (i.e. PCM and PCD) and the Factory Land are to be acquired by PUB and retained within the PUB Group as conditions precedent of the SSA.

2.2 Information of PCCCSB

PCCCSB was incorporated in Malaysia on 31 October 1983 under the Companies Act 1965 and is deemed registered under the Companies Act 2016 ("**Act**") as a private limited company. As at 29 August 2025, being the latest practicable date prior to this announcement ("**LPD**"), the issued share capital of PCCCSB is RM25.68 million comprising 22,750,000 ordinary shares. Further, PCCCSB does not have any convertible securities as at the LPD.

PCCCSB is principally involved in the business of manufacturing, wholesaling, marketing, distributing or otherwise selling car carpets and/ or automotive noise, vibration and harshness components ("**Automotive Carpet Business**").

As at the LPD, PCCCSB is a wholly-owned subsidiary of PUB and the details of the directors of PCCCSB are as follows:-

Directors
Koon Hoi Chun
Wong Ee-Coln

Nationality
Malaysian
Malaysian

As at the LPD, PCCCSB has 1 direct subsidiary and 1 indirect subsidiary, the details of which are as follows:-

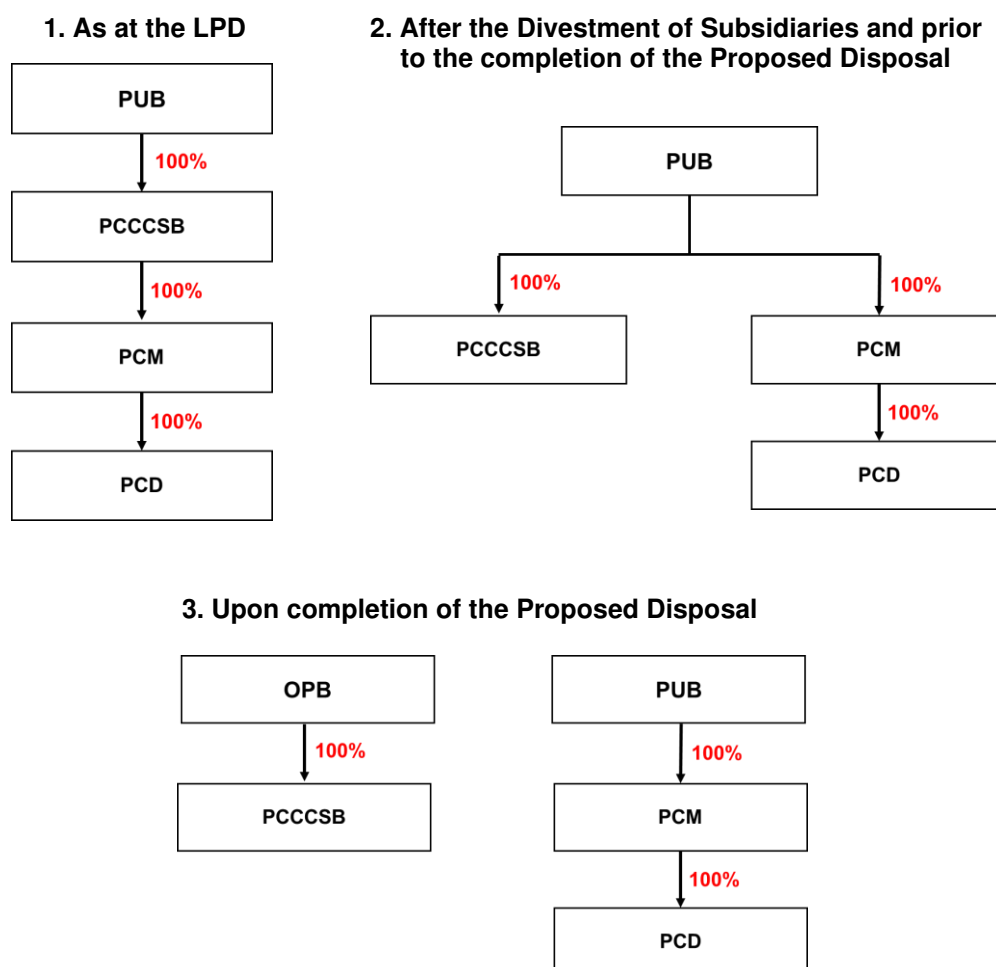
Company	Date/ place of incorporation	Effective equity interest %	Share capital RM'000	Principal activities
PCM	4 August 1992/ Malaysia	100.00	10,500	Manufacturing and trading in car carpets and commercial carpets

Subsidiary of PCM

PCD	21 July 1987/ Malaysia	100.00	6,050	Distribution and trading of commercial carpets
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As set out in **Section 2.1** of this announcement, the Proposed Disposal only entails the disposal of PCCCSB to the Purchaser, whereas PCM, PCD and the Factory Land are intended to be acquired and retained by PUB as conditions precedent under the SSA. Given the above, the Purchaser will acquire PCCCSB's Automotive Carpet Business, while PUB will retain the commercial carpets manufacturing and trading operations, as well as the distribution and trading of commercial carpets, which are undertaken through PCM and PCD ("**Commercial Carpet Business**").

For illustrative purposes, the shareholding structure of PCCCSB as at the LPD, after the Divestment of Subsidiaries, and upon completion of the Proposed Disposal are as follows:-



A summary of PCCCSB's financial information based on its audited financial statements for the past 3 financial years up to the financial year ended ("**FYE**") 31 December 2023 and the unaudited 18-month financial period ended ("**FPE**") 30 June 2025, is as follows:-

	Audited FYE 31 December			Unaudited 18-month FPE
	2021	2022	2023	30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	33,994	50,810	47,550	70,389
Profit/ (loss) before taxation (" PBT/ (LBT) ")	(7,599)	(1,132)	9,943	(394)
Profit/ (loss) after taxation (" PAT/ (LAT) ")	(7,599)	(1,132)	9,943	(394)
Shareholders' funds/ Net assets (" NA ")	(5,659)	12,210	37,700	41,243
Total borrowings	3,886	6,005	5,894	12,792
Total number of issued shares ('000)	3,750	22,750	22,750	22,750
Current assets	17,930	18,086	15,758	17,470
Current liabilities	45,832	28,472	14,997	18,416
Cash and cash equivalents	157	117	933	503
PBT/ (LBT) margin (%)	(22.35)	(2.23)	20.91	0.56
PAT/ (LBT) margin (%)	(22.35)	(2.23)	20.91	0.56
Earnings/ loss per share (" EPS/ (LPS) ") (RM)	(2.03)	(0.05)	0.44	(0.02)
NA per share (RM)	(1.51)	0.54	1.66	1.81
Current ratio (times)	0.39	0.64	1.05	0.95
Gross gearing (times)	-	0.49	0.16	0.31
Net gearing (times)	-	0.48	0.13	0.30

For the FYE 31 December 2021 to FYE 31 December 2023, there was no:-

- i. accounting policy adopted by PCCCSB which is peculiar to PCCCSB because of the nature of its business or the industry it is involved in; and
- ii. audit qualification of the financial statements of PCCCSB for the financial years under review.

For information purposes, save for the following, no exceptional or extraordinary items were recorded during the FYE 31 December 2021 to FYE 31 December 2023, and the 18-month FPE 30 June 2025. For the FYE 31 December 2023, PCCCSB recorded an exceptional gain of RM11.45 million arising from the disposal of property, plant and equipment ("**PPE**").

Commentary on PCCCSB's financial performance based on its audited consolidated financial statements for the past 3 financial years up to the FYE 31 December 2023 and the unaudited 18-month FPE 2025 are set out below.

FYE 31 December 2022 vs FYE 31 December 2021

For the FYE 31 December 2022, PCCCSB recorded revenue of RM50.81 million, which represents an increase of RM16.82 million or approximately 49.46% as compared to the preceding financial year (FYE 31 December 2021: RM33.99 million). The increase in revenue was mainly due to the increase in car carpet manufacturing activities in the FYE 31 December 2022 following the upliftment of the Movement Control Order ("**MCO**"). In the FYE 31 December 2021, PCCCSB's production had been significantly constrained under the MCO, resulting in lower orders from original equipment manufacturers ("**OEM**"). In contrast, during the FYE 31 December 2022, car manufacturers increased production to address backlog orders, which in turn drove higher demand for PCCCSB's products.

Further, PCCCSB recorded a LAT of RM1.13 million for the FYE 31 December 2022, which represents an improvement of RM6.47 million as compared to the LAT of RM7.60 million in the preceding financial year. The lower LAT position was in conjunction with the increase in PCCCSB's revenue for the FYE 31 December 2022.

FYE 31 December 2023 vs FYE 31 December 2022

For the FYE 31 December 2023, PCCCSB recorded revenue of RM47.55 million, which represents a decrease of RM3.26 million or approximately 6.42% as compared to the preceding financial year (FYE 31 December 2022: RM50.81 million). The decrease in revenue was mainly due to the normalisation of demand for PCCCSB's products in the FYE 31 December 2023, from the level of exceptional demand in the FYE 31 December 2022.

Notwithstanding the decline in revenue, PCCCSB recorded a PAT of RM9.94 million for the FYE 31 December 2023, which represents an increase of RM11.08 million as compared to the preceding financial year (FYE 31 December 2022: LAT of RM1.13 million). The turnaround to PAT was mainly attributable to one-off income derived from the gain on disposal of PPE of RM11.45 million recorded in the FYE 31 December 2023.

18-month FPE 30 June 2025 vs FYE 31 December 2023

For the 18-month FPE 30 June 2025, PCCCSB recorded revenue of RM70.39 million, or RM46.93 million on an annualised basis, which represents a decrease of RM0.62 million or approximately 1.30% as compared to the preceding financial year (FYE 31 December 2023: RM47.55 million). The marginal decrease in revenue was mainly due to lower production by OEM car manufacturers in response to weaker domestic demand and increased competition from Completely Built-Up ("**CBU**") vehicle importers, which in turn reduced orders for PCCCSB's products.

Further, for the 18-month FPE 30 June 2025, PCCCSB recorded a LAT of RM0.39 million, which translates to approximately RM0.26 million on an annualised basis, compared to the PAT of RM9.94 million in the preceding FYE 31 December 2023. The LAT position was mainly due to the absence of exceptional income in the 18-month FPE 30 June 2025, as the PAT in the FYE 31 December 2023 had been supported by a one-off income of RM11.45 million from the disposal of PPE. The LAT in the 18-month FPE 30 June 2025 was further affected by reduced OEM orders and increased competition from CBU vehicle imports.

2.3 Information on the Purchaser

OPB was incorporated in Malaysia on 26 August 2002 under the Companies Act 1965 as a private company limited by shares, and is deemed registered under the Act. On 27 November 2002, OPB was converted to a public company and was subsequently listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 20 July 2004. Further, OPB transferred its listing status from the ACE Market of Bursa Securities to the Main Market of Bursa Securities on 26 October 2018. As at the LPD, the issued share capital of OPB is RM37.00 million comprising 260,800,000 issued shares.

OPB is principally engaged in investment holding and the provision of management services. Through its subsidiaries, OPB is also engaged in the manufacturing and trading of non-woven products. Additionally, OPB manufactures and distributes resinated felts for heat and sound insulation.

As at the LPD, the details of the directors of OPB are as follows:-

Director	Designation	Nationality
Tan Siew Chin	Executive Chairman	Malaysian
Tan Wey Chien	Executive Director and Group Chief Executive Officer	Malaysian
Tan Wey Chung	Executive Director	Malaysian
Ngiam Kee Tong	Senior Independent Non-Executive Director	Malaysian
Fong Wai Leong	Independent Non-Executive Director	Malaysian
Tan Pey Jean	Non-Independent Non-Executive Director	Malaysian

As at the LPD, the substantial shareholders of OPB are as follows:-

Shareholder	No. of shares	%
Tan Siew Chin	111,000,000	42.56
Chen Lee Chew	38,643,374	14.82

2.4 Basis and justification of arriving at the Disposal Consideration

The "**Disposal Consideration**" was agreed upon on a willing-buyer willing-seller basis and refers collectively to the total consideration payable by the Purchaser for the Proposed Disposal, which comprises a fixed premium of RM6.75 million in addition to the adjusted NTA of PCCCSB, to be determined in three stages, as follows:-

Step 1: Indicative Disposal Consideration

The Indicative Disposal Consideration of RM13.42 million as at the date of the SSA is calculated as follows:-

$$\text{Indicative Disposal Consideration} = \text{RM6.75 million} + \text{Initial NTA}$$

The "**Initial NTA**" refers to the adjusted unaudited NTA of PCCCSB as at 30 June 2025 of approximately RM6.67 million, based on PCCCSB's unaudited management accounts for the 18-month FPE 30 June 2025, after reflecting the effects of the Excluded Assets & Payments. The reconciliation is set out as follows:-

	RM'000
Unaudited NTA of PCCCSB as at 30 June 2025	41,243
Add: Net effect from Divestment of Factory Land	227
Add: Net effect from Divestment of Subsidiaries	6,844
(Less): Effect of write-off of Excluded Expenditure	(1,149)
(Less): Effect of Dividend and Capital Repayment	(40,495)
Initial NTA	6,670

For clarity, the adjustment shown above relating to the write-off of Excluded Expenditure represents expenditure that has already been incurred as at the LPD. The other adjustments (i.e. Divestment of Factory Land, Divestment of Subsidiaries, and Dividend and Capital Repayment) will be effected prior to the completion of the Proposed Disposal, in accordance with the pre-completion restructuring plan as set out in **Section 2.1** of this announcement.

Step 2: Proforma Disposal Consideration

The Parties have agreed that the Indicative Disposal Consideration will be adjusted based on PCCCSB's proforma NTA ("**Proforma NTA**"), as set out in its proforma management accounts ("**Proforma Closing Accounts**") to be delivered by PUB to the Purchaser within 14 days from the date the last of the conditions precedent of the SSA is waived or fulfilled ("**Unconditional Date**"), pursuant to the terms of the SSA.

The "**Proforma Disposal Consideration**" shall be derived as follows:-

$$\text{Proforma Disposal Consideration} = \text{Indicative Consideration Disposal} + (\text{Proforma NTA} - \text{Initial NTA})$$

Step 3: Final Disposal Consideration

The Parties have agreed that the "**Final Disposal Consideration**" will be based on the "**Final NTA**" of PCCCSB, being the Proforma NTA adjusted following the valuation of the Proforma Closing Accounts by an independent valuer ("**Independent Valuation**") prior to the completion of the SSA, and as mutually agreed between the Purchaser and PUB.

The Final Disposal Consideration shall be derived as follows:-

$$\text{Final Disposal Consideration} = \text{Proforma Disposal Consideration} + (\text{Final NTA} - \text{Proforma NTA})$$

The rationale for determining the Disposal Consideration in three stages is to reflect the changes to the NTA of PCCCSB throughout the relevant periods, namely (i) as at the 30 June 2025; (ii) the Unconditional Date; and (iii) prior to completion of the SSA. The Parties also intend to ensure that the appropriate adjustments are made pursuant to the Excluded Assets & Payments, which will be undertaken prior to the completion of the Proposed Disposal.

For the avoidance of doubt, the Disposal Consideration shall be settled by the Purchaser in tranches, with the detailed mode of settlement set out in **Section 2.5** of this announcement.

Premised on the above and the rationale and justifications of the Proposed Disposal as set out in **Section 3** of this announcement, the Board is of the view that the Disposal Consideration is reasonable.

2.5 Mode of settlement

Pursuant to the terms and conditions of the SSA, the Disposal Consideration will be satisfied by the Purchaser in the following manner:-

Payment terms	Timing	RM'000	%
"Deposit" ¹	<ul style="list-style-type: none"> RM500,000 paid prior to signing of the SSA RM1,000,000 paid upon signing of the SSA 	1,500	11.18
"Conditional Tranche Balance Price" ²	Payable within 5 market days upon PUB and OPB obtaining their respective shareholders' approval for the Proposed Disposal, whichever is later	8,000	59.61
"First Tranche Balance Price" ³	Payable within 5 market days from receipt of the Proforma Closing Accounts	1,236	9.21
"Second Tranche Balance Price" ⁴	Payable within 5 market days from completion of the Independent Valuation and mutual agreement of the Final NTA between the Parties	2,684	20.00
Total		13,420	100.00

Notes:-

¹ Comprising a commitment fee of RM500,000 paid by the Purchaser on 14 April 2025 and a further RM1,000,000 upon signing of the SSA, both held by PUB's solicitors as stakeholder.

² A conditional tranche of RM8,000,000 is payable to PUB's solicitors, as stakeholder, within 5 market days upon PUB and OPB obtaining their respective shareholders' approval for the Proposed Disposal, whichever is later. The Conditional Tranche Balance Price is only payable in the event the consent or approval in writing from Malayan Banking Berhad ("**Maybank**") for the discharge of the existing land charge over the Factory Land is not obtained by the abovementioned period, pursuant to the terms of the SSA.

³ Equivalent to 80% of the Proforma Disposal Consideration, less the Deposit and, if applicable, the Conditional Tranche Balance Price. Purely for illustrative purposes, assuming the Pro Forma NTA is equivalent to the Initial NTA, and assuming the payment of the Conditional Tranche Balance Price, the First Tranche Balance Price is calculated as follows:-

First Tranche Balance Price	=	(80% × Pro Forma Disposal Consideration)	-	Deposit	-	Conditional Tranche Balance Price
	=	(80% × RM13.42 million)	-	RM1.50 million	-	RM8.00 million
	=	RM1.24 million				

For the avoidance of doubt, the actual First Tranche Balance Price may differ from the above illustration and shall be determined based on the Proforma NTA as set out in **Section 2.4** of this announcement.

⁴ Represents the remaining balance of the Final Disposal Consideration, after taking into consideration the difference in the Final NTA and Pro Forma NTA. Purely for illustrative purposes, assuming the Final NTA is equivalent to the Pro Forma NTA, and assuming the payment of the Conditional Tranche Balance Price, the Second Tranche Balance Price is calculated as follows:-

Second Tranche Balance Price	=	Final Disposal Consideration	-	First Tranche Balance Price	-	Deposit	-	Conditional Tranche Balance Price
	=	RM13.42 million	-	RM1.24 million	-	RM1.50 million	-	RM8.00 million
	=	RM2.68 million						

This amount is subject to final adjustments based on the difference between the Final NTA and the Proforma NTA, as mutually agreed between the Purchaser and PUB pursuant to the Independent Valuation. If this adjustment results in the Second Tranche Balance Price being a negative balance, PUB shall refund the excess to the Purchaser within 5 market days from the date of completion of the Independent Valuation and agreement by the Parties on the Final NTA.

For clarity, the table above illustrates the mode of settlement of the Disposal Consideration of approximately RM13.42 million and assuming there are no changes in the NTA of PCCCSB from the Initial NTA, as compared to the Pro Forma NTA and Final NTA, and that there will be payment of the Conditional Tranche Balance Price. The actual First Tranche Balance Price and Second Tranche Balance Price may differ from the above illustration and will be determined based on the Proforma Disposal Consideration and the Final Disposal Consideration, respectively, pursuant to the terms of the SSA.

2.6 Estimated gain arising from the Proposed Disposal

For the purpose of illustrating the financial effects of the Proposed Disposal, the estimated gain or loss is calculated with reference to the Indicative Disposal Consideration of RM13.42 million, derived from the Initial NTA of PCCCSB of RM6.67 million, as set out in **Section 2.4** of this announcement. The Initial NTA is derived from PCCCSB's unaudited financial statements for the 18-month FPE 30 June 2025, after reflecting adjustments for the Excluded Assets & Payments.

Based on this, the Proposed Disposal is expected to result in an estimated gain of approximately RM5.25 million to PUB, as set out below:-

	RM'million
Indicative Disposal Consideration	13.42
(Less): Estimated expenses for the Proposed Disposal	(1.50)
Net Indicative Disposal Consideration	11.92
(Less): Initial NTA of PCCCSB	(6.67)
Total estimated gain upon completion of the Proposed Disposal	5.25

The above illustration is illustrative assuming there are no adjustments in the NTA of PCCCSB from the Initial NTA, as compared to the Pro Forma NTA and Final NTA.

Notwithstanding the foregoing, the actual gain or loss from the Proposed Disposal will only be determined upon completion and will depend on, amongst others, the Final NTA of PCCCSB as at completion of the Proposed Disposal, actual expenses incurred, actual taxes paid in relation to the Proposed Disposal, and any further adjustments.

2.7 Liabilities to remain with PUB

Save for the obligations and liabilities pursuant to the SSA, as set out in **Appendix I** of this announcement, there are no other liabilities in respect of PCCCSB, including contingent liabilities and/ or guarantees, which will remain with PUB after the completion of the Proposed Disposal.

2.8 Original date and cost of investment in PCCCSB

PUB's original date and cost of investment in PCCCSB to date is as follows:-

Date of investment	No. of shares	Cost of investment RM
15 July 1994	3,750,000	11,297,231
7 July 2022	19,000,000	19,000,000

3. UTILISATION OF PROCEEDS

For illustration purposes, assuming the Disposal Consideration to be received from the Proposed Disposal is RM13.42 million, the proceeds raised from the Proposed Disposal is intended to be utilised in the following manner:-

Purpose	Timeframe for utilisation from completion of the Proposed Disposal	RM'million
General working capital ^{*1}	Within 12 months	11.92
Estimated expenses in relation to the Proposed Disposal ^{*2}	Within 3 months	1.50
Total		13.42

Notes:-

^{*1} The Group has indicatively earmarked RM11.92 million of the proceeds raised from the Proposed Disposal to finance its working capital requirements. The proceeds are anticipated to be primarily utilised for the working capital requirements of the Group's recycling business, which comprises the recovery and reprocessing of metals from production waste and scrap, reprocessing of industrial wastewater, and the trading of scrap materials ("**Recycling Business**"), undertaken through PUB's wholly-owned subsidiary Paragon Metal Sdn Bhd ("**PMSB**") and 51%-owned indirect subsidiary Metahub Industries Sdn Bhd ("**Metahub**"). The proceeds are also intended to be utilised for the working capital requirements of the Group's Commercial Carpet Business, as well as to support the Group's day-to-day administrative expenses.

Recycling Business

The funds allocated to the working capital requirements of the Recycling Business are anticipated to be utilised primarily for scrap procurement and supplier payments. Following the Group's acquisition of 51% equity interest in Metahub on 30 December 2024 ("**Metahub Acquisition**"), the Group has been gradually expanding the capacity of its Recycling Business through increasing reprocessing capacity and volume of scrap material trading.

For information purposes, on August 2024, Metahub had obtained approval from the Department of Environment to increase its reprocessing and wastewater treatment capacity from 200 metric tonnes ("**MT**") per month to 2,500 MT per month. Further, in January 2025, Metahub completed the construction of its copper reprocessing plant, which enables Metahub to operate with a copper reprocessing capacity of 1,000 MT per month. In line with the above, the Group has been gradually expanding the operations of its Recycling Business through increasing reprocessing volume and expanding its customer base, with the aim to gradually increase Metahub's reprocessing volume. Additionally, the Group has been progressively increasing the volume of its trading of residual scrap waste, whereby Metahub trades excess scrap waste which cannot be recycled or reprocessed. Such scrap waste includes aluminium ingots, aluminium pallets, carbons blocks and carbon powder, etc.

With the growth of the Group's recycling business as detailed in **Section 4** of this announcement, the Group intends to further upscale its Recycling Business through the increase of reprocessing and trading activity. Accordingly, the Board intends to allocate funds towards the working capital requirements of the Recycling Business in order to ensure that the Group has sufficient cash to cater for the higher processing and trading activity of its Recycling Business.

Commercial Carpet Business

The Board has allocated part of the proceeds raised from the Proposed Disposal to its Commercial Carpet Business, which will be allocated to support the purchase of raw materials and operating expenses of the Commercial Carpet Business. In June 2024, the Group had expanded the capacity of its Commercial Carpet Business, whereby Paragon Carpet Art Sdn Bhd, a wholly-owned subsidiary of the Company, had acquired the assets of Carpet Art Manufacturing Sdn Bhd, which included plant and machinery, office equipment and inventories to be used in the Group's Commercial Carpet Business. Additionally, Paragon Carpet Art Sdn Bhd had subsequently purchased a robotic tufting machine, used for the production of tufted carpets, which further expanded the production capacity and operational efficiency of the Commercial Carpet Business. The expanded capacity also enables the Group to undertake a larger volume of orders, which may require higher working capital expenditure. Accordingly, the Group has allocated a portion of the proceeds raised from the Proposed Disposal to fund the additional working capital that may be required for the Commercial Carpet Business, in order to facilitate the procurement of raw materials and support higher sales volumes, which is expected to enhance revenue contribution and profitability of the Commercial Carpet Business.

Summary

The breakdown of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements of the Group at the time of utilisation. Notwithstanding this and on a best estimate basis, the indicative percentage allocation of the proceeds to be utilised for each component of the working capital are as follows:-

	Indicative percentage allocation
Working capital requirements	%
Recycling Business (e.g. scrap procurement, processing costs, supplier payments)	40.00
Commercial Carpet Business (e.g. purchase of yarn, backing materials, adhesives, other supplier payments)	10.00
Administrative expenses (e.g. staff costs, office expenses)	35.00
Overhead expenses (e.g. factory upkeep, maintenance of recycling facilities)	10.00
Utilities, transportation and logistics costs and other miscellaneous items	5.00
Total	100.00

² The proceeds earmarked for estimated expenses in relation to the Proposed Disposal will be utilised as set out below:-

	RM'000
Professional fees (including advisory, solicitor and consultancy fees)	200
Regulatory fees	15
Capital gains tax ^(a)	260
Stamp duty ^(b)	1,000
Other incidental expenses in relation to the Proposed Disposal	35
Total	1,500

Notes:-

(a) Being capital gains tax estimated at RM0.26 million pursuant to the Proposed Disposal.

(b) Stamp duty estimated at RM1.00 million, being the duty chargeable on the transfer of the Factory Land pursuant to the Divestment of Factory Land.

Any shortfall or excess in funds allocated for estimated expenses will be funded from the proceeds allocated to the Group's working capital requirements.

Pending utilisation of the proceeds from the Proposed Disposal for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for the Group.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED DISPOSAL

The Proposed Disposal is undertaken in line with the Group's business strategy to rationalise its business operations by discontinuing the loss-making Automotive Carpet Business of PCCCSB and to focus on the growth of its Recycling Business. The Board has taken cognisance that PCCCSB has been recording losses in recent FYEs, which has negatively impacted the overall financial performance of the Group and has gradually eroded shareholder value. Accordingly, the Group intends to monetise PCCCSB in order to focus on the Recycling Business, which has been profitable for the 18-month FPE 30 June 2025.

Loss-making position of PCCCSB

Since the FYE 31 December 2021 up to the 18-month FPE 30 June 2025, PCCCSB has recorded continued losses from its Automotive Carpet Business, as shown below:-

	<-----Audited FYE 31 December----->			Unaudited 18-month
	2021	2022	2023	FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	33,994	50,810	47,550	70,389
LAT (after excluding other income and non-recurring items)	(8,227)	(2,100)	(4,082)	(3,070)

The loss-making position of PCCCSB is primarily attributable to the following:-

- increase in raw material cost** – The prices for raw materials required for PCCCSB's Automotive Carpet Business have been subject to increase in recent years, mainly driven by the volatility and increase in global material prices as well as higher logistics expenses. As a result, PCCCSB's cost of purchasing these raw materials had increased, resulting in an increase in its manufacturing cost, which PCCCSB was not able to fully pass on to its end customers. Accordingly, this resulted in the deterioration to PCCCSB's margins, resulting in losses; and
- increased competition in the automotive carpets business** – the automotive car carpets business in Malaysia is largely competitive, comprising global and regional companies alongside local competitors. Given the increase in competition in this sector, PCCCSB would be required to reduce its selling prices in order to remain competitive in this sector. However, the increased competition coupled with an increase in raw material cost, had disadvantaged PCCCSB against its competitors, and hindered PCCCSB's ability to achieve economies of scale, thereby reducing PCCCSB's margins.

Expansion of the Recycling Business

Conversely, the Group intends to focus on the expansion of its Recycling Business, as the Group's long term plan in order to improve financial performance and increase PUB's shareholder value.

PUB Group had diversified into the Recycling Business in 2023 through PMSB, which is principally involved in the business of trading recycled products. PMSB's operations involve the procurement of metal scrap materials, outsourcing sorting and treatment to third parties, and subsequently selling the semi-finished materials to local smelter plants. In order to further strengthen the Recycling Business, the PUB Group completed the acquisition of 51% equity interest in Metahub on 30 December 2024. For information purposes, Metahub is principally involved in the recovery and reprocessing of precious metals and the treatment of wastewater from industrial waste.

Through the Metahub Acquisition, the PUB Group expanded its Recycling Business operations to include upstream activities in the recycling value chain. Following this, Metahub and PMSB functions synergistically whereby Metahub facilitates the sorting and reprocessing of metal in-house for PMSB to subsequently trade, rather than outsourcing the sorting and reprocessing process to third parties. Through this, the Group was able to improve its operational efficiencies and gross margins of its Recycling Business, in order to improve overall financial performance.

As such, since the completion of the Metahub Acquisition on 30 December 2024, Metahub has demonstrated positive earnings contribution, recording a turnaround to profitability for the 18-month FPE 30 June 2025, as set out below:-

	<-----Audited FYE 31 December----->			Unaudited 18-month
	2021	2022	2023	FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	14,217	14,572	9,195	44,541
PAT/ (LAT) (after excluding other income and non-recurring items)	(782)	(550)	(2,282)	3,886

Taking cognisance of Metahub's turnaround to profitability in the 18-month FPE 30 June 2025 as shown above, the Group intends to focus its resources primarily on Metahub and its Recycling Business, in order to improve the Group's overall financial performance moving forward. Conversely, the Group intends to monetise PCCCSB, which has been loss-making in recent FYEs and continues to erode shareholder value.

Metahub had in August 2024 obtained the Department of Environment's approval to increase its wastewater treatment capacity from 200 MT per month to 2,500 MT per month. Further, in January 2025, Metahub had also completed the construction of its copper reprocessing plant, which has a reprocessing capacity of 1,000 MT per month. With the increased reprocessing capacity, the Group has gradually increased the volume of its reprocessing activities and expanded its customer base, in order to grow the operations of its Recycling Business and to improve the overall financial performance of the Group.

Through the Proposed Disposal, the Group will raise proceeds of approximately RM13.42 million (illustrative based on the Initial NTA), which are intended to be channelled towards the working capital requirements of the Group, in particular the Recycling Business. As the Group expands the operations of its Recycling Business, the additional funds allocated towards working capital requirements may better position the Group to undertake the increased reprocessing and trading volume, and expanded customer base of the Recycling Business.

Taking cognisance of the above and the outlook of the recycling and metal recycling industry as set out in **Sections 5.2 and 5.3** of this announcement, the Board is cautiously optimistic of the prospects of its Recycling Business. The Board opines that by monetising PCCCSB and focusing on the expansion of the Recycling Business, the Group may reallocate its resources from the loss-making business of PCCCSB, in order to expand and enhance the operations of its profitable Recycling Business. Accordingly, the Board is of the opinion that the monetisation of PCCCSB is the appropriate business strategy for the Group to undertake in order to improve its financial performance moving forward.

5. INDUSTRY OVERVIEW AND OUTLOOK

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.4% in the second quarter of 2025 (1Q 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics ("E&E") exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and Government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Similar to other countries, Malaysia's 2025 growth will be affected by tariff outcomes from trade negotiations. BNM expects developments surrounding trade tariffs to affect the global and domestic outlook for the rest of the year. The external environment remains challenging. Uncertainty surrounding tariffs continues to linger and the impact will take time to fully materialise. Nonetheless, Malaysia is facing these challenges from a position of strength. Our economy remains on solid footing, supported by resilient domestic demand, continued demand for E&E goods, and a diversified export structure. These fundamentals, alongside continued structural reforms, ensure that Malaysia is well-positioned to navigate the evolving global landscape.

Notwithstanding the external risks, economic growth is firmly supported by resilient domestic demand, serving as a buffer against global headwinds. Employment and wage growth within domestic-oriented sectors and income-related policy measures will continue to support household spending. The expansion in investment activity will be sustained by several factors. This includes the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Malaysia's export prospects could be raised by favourable outcomes from remaining trade negotiations, pro-growth policies in major economies, and robust tourism activity. The steady rollout of structural reforms, such as the implementation of announced national master plans and fiscal reform measures, is critical to boost our resilience against future shocks.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2025, Bank Negara Malaysia)

5.2 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)

5.3 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 compound annual growth rate ("**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)

6. RISK FACTORS

6.1 Non completion risk

The Proposed Disposal is conditional upon the fulfilment of the conditions precedent of the SSA as set out in **Appendix I** of this announcement. However, there can be no assurance that the conditions precedent of the SSA will be obtained and/ or satisfied. Notwithstanding the foregoing, PUB will take all reasonable steps to seek to satisfy and/ or procure the waiver (as the case may be) of the conditions precedent of the SSA to facilitate the completion of the Proposed Disposal.

The SSA may be inter alia terminated in the event that any of the conditions precedent are not fulfilled within the time period stipulated in the SSA. Any delay or non-completion of the SSA may delay or preclude the Company from receiving the proceeds arising from the Proposed Disposal.

6.2 Contractual risk

PUB is subject to certain contractual risks including, but not limited to, the representations, warranties, covenants and indemnities which are given or to be given pursuant to the SSA. Nevertheless, PUB shall endeavour to ensure full compliance in relation to the fulfilment of its obligations under the SSA.

6.3 Loss of contribution from PCCCSB

Upon completion of the Proposed Disposal, PCCCSB will cease to be PUB's wholly-owned subsidiary. Moving forward, the Group will not be able to recognise the financial performance of PCCCSB as it will not hold any equity interest in PCCCSB.

Nevertheless, the Proposed Disposal is expected to facilitate the Group to achieve its business plans and objectives as set out in **Section 4** of this announcement, whereby the Proposed Disposal is undertaken to unlock the value of PUB's subsidiary and to enable the Group to focus its resources on the Recycling Business, which has turned around to profitability and is expected to contribute positively to the Group's future revenue and earnings.

7. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of PUB as the Proposed Disposal does not involve any issuance of ordinary shares in PUB ("**PUB Share(s)**").

7.1 NA per Share and gearing level

Based on the latest audited consolidated statements of financial position of the Group as at 31 December 2023, the estimated effects of the Proposed Disposal on the NA and gearing level of the Group are set out as follows:-

	Audited FYE December 2023	Subsequent events up to LPD^{*1}	After the Proposed Disposal
	RM'000	RM'000	RM'000
Share capital	84,902	129,333	129,333
Merger reserves	(4,618)	(4,618)	(4,618)
Revaluation reserves	32,628	32,628	32,628
Accumulated losses	(36,351)	(36,351)	(31,101) ^{*2}
NA	76,561	120,992	126,242
Number of PUB Shares in issue ('000)	83,830	101,118	101,118
NA per PUB Share (RM)	0.91	1.20	1.25
Total borrowings	11,138	11,138	11,138
Gearing level (times)	0.15	0.09	0.09

Notes:-

^{*1} On 30 December 2024, the Company issued 17,288,136 PUB Shares at an issue price of RM2.95 per share, amounting to RM51.00 million, as the full purchase consideration for the Metahub Acquisition.

^{*2} After adjusting for the estimated gain of RM5.25 million upon completion of the Proposed Disposal.

7.2 Earnings and EPS

Upon completion of the Proposed Disposal, PCCCSB will cease to be a wholly-owned subsidiary of PUB. Thereafter, PUB will cease to consolidate the financial results of PCCCSB.

In addition, the Proposed Disposal is expected to result in the Group recognising an estimated net gain of approximately RM5.25 million as set out in **Section 2.6** of this announcement. For illustration purposes, assuming that the Proposed Disposal had been completed on 1 January 2023 (being the beginning of the FYE 31 December 2023), the estimated effects on PUB Group's earnings/ EPS based on its latest audited FYE 31 December 2023 are as follows:-

	Audited FYE 31 December 2023 RM'000	After the Proposed Disposal RM'000
PAT attributable to owners of the Company	9,149	9,149
Less: Deconsolidation of PCCCSB's PAT for the FYE 31 December 2023	-	(9,943)
Add: Estimated gain upon the completion of the Proposed Disposal	-	5,250 ^{*1}
Estimated PAT attributable to owners of the Company	9,149	4,456
Weighted average no. of PUB Shares in issue ('000)	83,830	83,830
Basic EPS (sen)	0.11	0.05

Note:-

^{*1} Please refer to **Section 2.6** of this announcement for the computation of estimated gain of approximately RM5.25 arising from the Proposed Disposal.

7.2 Convertible securities

The Company had on 20 April 2023 established a long-term incentive scheme ("**LTIS**"), whereby 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 PUB Shares at any point in time during the duration of the LTIS.

Further, the LTIS shall be in force until 19 April 2028, and may be extended or renewed (as the case may be) for a further period of 5 years or such shorter period, at the sole and absolute discretion of the Board upon recommendation by the LTIS committee, provided always that LTIS shall not in aggregate exceed a duration of 10 years from the date of establishment.

For information purposes, as at the LPD, the Company has not granted any shares or options pursuant to the LTIS.

Save for the above, PUB does not have any outstanding convertible securities as at the LPD.

8. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:-

- i. the Company's shareholders at a general meeting to be convened; and
- ii. any other relevant authority and/ or party, if required.

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

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is approximately 108.68% computed based on the net profit of PCCCSB against the net profit of PUB Group based on its latest audited financial statements for the FYE 31 December 2023.

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

None of the Directors, major shareholders of PUB and/ or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including but not limited to the rationale and effects of the Proposed Disposal, salient terms of the SSA as well as the basis and justification of arriving at the Disposal Consideration, is of the opinion that the Proposed Disposal is in the best interest of the Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed by the first half of 2026.

12. ADVISERS

UOBKH has been appointed as the Principal Adviser for the Proposed Disposal.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA 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 10 September 2025.

APPENDIX I – SALIENT TERMS OF THE SSA

The salient terms and conditions of the SSA are as set out below:

(1) Sale and Purchase of the Sale Shares

Upon the terms and subject to the conditions of the SSA and in consideration of the mutual covenants, representations, undertakings and obligations contained therein, the Company as the vendor ("**Vendor**") shall sell and the Purchaser shall purchase the Sale Shares free from all claims, charges, mortgages, liens, options or any other encumbrances and with all the rights, benefits, entitlements and advantages attaching to the Sale Shares.

(2) Disposal Consideration

- (i) The Indicative Disposal Consideration for the purchase of the Sale Shares is RM13,420,238.56 and is arrived at based on the following formula:

$$\text{Indicative Disposal Consideration} = \text{RM6.75 million} + \text{Initial NTA}$$

where:

"*Initial NTA*" means the NTA of PCCCSB, less Excluded Assets & Payments, amounting to RM6,670,238.56 based on the unaudited financial statements for the 18-month FPE 30 June 2025 ("**June Management Accounts**").

"*Excluded Assets & Payments*" means adjustments to the June Management Accounts set out in Schedule 5 of the SSA, which include among others, adjustments relating to excluded expenditure (comprising of building renovation and electrical installation), net book value of the Factory Land, value of the shares in PCM and the proposed dividend and capital repayment to the Vendor.

- (ii) Within fourteen (14) days from the Unconditional Date, the Vendor shall ensure the delivery of the Proforma Closing Accounts to the Purchaser for the Independent Valuation. If the Unconditional Date falls on the first (1st) day and up to the fifteenth (15th) day of the month, the Proforma Closing Accounts shall be prepared as at the close of business on the last day of the preceding calendar month in which the Unconditional Date falls. If the Unconditional Date falls on the sixteenth (16th) day and up to the last day of the month, the Proforma Closing Accounts shall be prepared as at the close of business on the last day of the calendar month in which the Unconditional Date falls.
- (iii) Within fourteen (14) days of the Vendor's delivery of the Proforma Closing Accounts to the Purchaser, the Purchaser shall, at its own cost, engage Morison LC Advisory ("**Reporting Accountants**") to conduct and complete the Independent Valuation to assess the NTA of the Company as recorded in the Proforma Closing Accounts for the purpose of determining the Final NTA (as defined in Section 3(iv) below).
- (iv) The Parties will mutually agree on the Final NTA for the purposes of calculating the Final Disposal Consideration upon completion of the Independent Valuation.

(3) Payment of Disposal Consideration

The Disposal Consideration shall be paid by the Purchaser to the Vendor in the following manner:

(i) Deposit

Prior to the date of the SSA, the Vendor's solicitors, acting as stakeholder of the Vendor, have received a sum amounting to RM500,000 from the Purchaser as a demonstration of its commitment ("**Commitment Fee**").

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

Upon execution of the SSA, the Purchaser shall pay to the Vendor's solicitors, acting as stakeholder of the Vendor, a further sum of RM1,000,000 so that the total deposit paid by the Purchaser to the Vendor's solicitors, acting as stakeholder of the Vendor, shall amount to RM 1,500,000 ("**Deposit**"). For avoidance of doubt, the Commitment Fee shall form part of the Deposit.

(ii) Conditional Tranche Balance Price

In the event the consent or approval in writing of Maybank for the discharge of the land charge over the Factory Land ("**Discharge of the Factory Land Charge**") cannot be obtained, within five (5) Business Days upon fulfilment of conditions precedent in Sections 4(a) and 4(b) below, whichever is later, the Purchaser shall pay RM8,000,000 to the Vendor's Solicitors, acting as stakeholder of the Vendor, as part payment of the purchase price for the Sale Shares ("**Conditional Tranche Balance Price**").

(iii) First Tranche Balance Price

Within five (5) business days upon receipt of the Proforma Closing Accounts, the Purchaser shall pay an amount equivalent to 80% of the Proforma Disposal Consideration less the Deposit and, if applicable, the Conditional Tranche Balance Price ("**First Tranche Balance Price**") to the Vendor's solicitors, acting as stakeholder of the Vendor.

The Proforma Disposal Consideration shall be calculated based on the following formula:

$$\text{Proforma Disposal Consideration} = \text{Indicative Disposal Consideration} + (\text{Proforma NTA} - \text{Initial NTA})$$

where:

"*Proforma NTA*" means the NTA of PCCCSB, determined based on the Proforma Closing Accounts.

(iv) Second Tranche Balance Price

Within five (5) business days upon completion of the Independent Valuation and the Parties having agreed on the Final NTA, the Purchaser shall pay an amount equivalent to the Final Disposal Consideration less the aggregate sum paid of the First Tranche Balance Price, Deposit and, if applicable, the Conditional Tranche Balance Price ("**Second Tranche Balance Price**") to the Vendor's solicitors, acting as stakeholder of the Vendor.

In the event that the Second Tranche Balance Price is a negative amount (i.e., the aggregate sum paid of the First Tranche Balance Price, Deposit and, if applicable, the Conditional Tranche Balance Price exceeds the Final Disposal Consideration), the Vendor shall refund the excess amount to the Purchaser within five (5) business days of such determination.

The Final Disposal Consideration for the disposal of the Sale Shares shall be calculated based on the following formula:

$$\text{Final Disposal Consideration} = \text{Proforma Disposal Consideration} + (\text{Final NTA} - \text{Proforma NTA})$$

where:

"Final NTA" means the net tangible asset of PCCCSB determined based on the Proforma Closing Accounts and subject to any adjustment(s), as mutually agreed between the Parties, the agreement of which shall not be unreasonably withheld, arising from the Independent Valuation.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

(4) Conditions Precedent

- (i) The sale and purchase of the Sale Shares is conditional upon the following conditions precedent ("**Conditions Precedent**") being obtained, procured and/or fulfilled (unless waived in accordance with the SSA) within 6 months from the date of the SSA, subject to any extension as permitted under the SSA, as set out in Section 5 below ("**Conditional Period**"):
 - (a) the approval of the shareholders of the Vendor at a general meeting for the Proposed Disposal;
 - (b) the approval of the shareholders of the Purchaser at a general meeting for the Proposed Disposal;
 - (c) the consent or approval in writing of Maybank for the Discharge of the Factory Land Charge on such reasonable conditions as the bank may impose, provided that PUB shall use its reasonable endeavours to obtain such consent without requiring any replacement security, failing which, the Purchaser shall provide such guarantee, letter of comfort or other security as may be necessary;
 - (d) disposal of the Factory Land by PCCCSB and of all the shares held by PCCCSB in PCM at the cost of the Vendor;
 - (e) the repayment and settlement of all intercompany loans and amounts owing by PCCCSB from the amounts payable to related parties via selective capital reductions, declarations of dividends or such other method as determined by the Vendor;
 - (f) the written consent of Mitsubishi HC Capital Sdn. Bhd. and BMW Credit (M) Sdn. Bhd. (collectively, the "**HP Financiers**") to release, remove or replace the corporate guarantees given by the Vendor for hire purchase financings of PCCCSB, on such reasonable conditions as the HP Financiers may impose, provided that the Vendor shall use its reasonable endeavours to obtain such consent without replacement security, failing which, the Purchaser shall provide such guarantee, letter of comfort or other security as required; and
 - (g) the written consent of CIMB Bank Berhad to release, remove or replace the corporate guarantees given by PCCCSB for trade facilities of PCM and PCD ("**CIMB Trade Facilities**"), on such reasonable conditions as CIMB Bank Berhad may impose, provided that the Vendor shall use its reasonable endeavours to obtain such consent without replacement security, failing which, the Vendor shall provide such guarantee, letter of comfort or other security as required.
- (ii) In the event the consent or approval in writing of Maybank for the Discharge of the Factory Land Charge cannot be obtained pursuant to the condition precedent in Section 4(i)(c) above and subject to the Purchaser having paid the Conditional Tranche Balance Disposal Consideration to the Vendor's solicitors, acting as stakeholder of the Vendor, it shall be an additional condition precedent of the sale and purchase of the Sale Shares that the Vendor shall fully redeem the trade facility currently granted by Maybank for the benefit of PCCCSB.
- (iii) The sale and purchase of the Sale Shares shall become unconditional on the Unconditional Date.
- (iv) After the sale and purchase of the Sale Shares becomes unconditional, the Parties shall proceed to complete the sale and purchase of the Sale Shares under the SSA subject to and in accordance with Section 6 below.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

(5) **Non-Satisfaction / Waiver of Conditions Precedent**

- (i) The Vendor agrees that the Purchaser may in their sole discretion and at any time and to the extent permissible by law, proceed with waiving, in whole or in part and conditionally or unconditionally, any one or more of such Conditions Precedent in writing (save and except the Condition Precedent in Section 4(i)(a) and Section 4(i)(b)) above or extend the Conditional Period for such further period, subject to the mutual written agreement of the Parties.
- (ii) In the event the approval of the shareholders of the Vendor or the Purchaser (as the case may be) at a general meeting for the Proposed Disposal cannot be obtained within three (3) months from the date of the SSA, the parties agree that the Conditional Period shall be extended by such number of days as is required by the Vendor or the Purchaser (as the case may be) to fulfil such condition precedent or a period of three (3) months, whichever is longer ("**Shareholders' Approval Period**").
- (iii) In the event the Conditions Precedent are not satisfied, waived or extended on or before the last day of the Conditional Period (which shall be, inclusive of, where applicable, the Shareholders' Approval Period), the parties agree that the Conditional Period shall be automatically extended by a period of three (3) months ("**Extended Conditional Period**"). Subsequent to the Extended Conditional Period, any further extension of the Conditional Period shall be subject to the mutual agreement of the parties in writing.
- (iv) If the Conditions Precedent are not satisfied, waived or extended on or before the last day of the Conditional Period, the Extended Conditional Period or such other period as mutually agreed by the Parties in writing, the Purchaser may by written notice to the Vendor, in their sole discretion, terminate the SSA (save and except for the clauses relating to confidentiality, survival of rights, duties and obligations, costs and expenses, governing laws and dispute resolution, binding effect, notices, waiver of rights, and delivery by e-mail, collectively the "**Surviving Provisions**") and thereafter, the Vendor shall refund all monies received from the Purchaser to the Purchaser in full within five (5) business days from the date of such written notice.
- (v) If any of the Conditions Precedent are conditionally waived, in whole or in part, by the Purchaser in accordance with this Section 5, the Vendor shall do and perform, or cause to be done and performed, all such acts and things to fulfil such Conditions Precedent in accordance with the conditions imposed by the Purchaser.

(6) **Completion**

Completion of the sale and purchase of the Sale Shares under the SSA shall take place at the office of PCCCSB within 5 business days after the completion of the Independent Valuation or such other dates as may be agreed between parties ("**Completion Date**") or such other date as may be agreed in writing between the Purchaser and the Vendor.

Subject to the fulfilment or waiver of the Conditions Precedent, PUB shall on the Completion Date deliver the following to the Purchaser:

- (i) the original share certificates in respect of all the Sale Shares held by the Vendor, if any;
- (ii) a certified copy of the directors' resolution of the PCCCSB,
 - (a) duly approving the transfer of the Sale Shares and the Purchaser being registered as shareholder of PCCCSB;
 - (b) duly approving the cancellation of the share certificate(s) issued in the name of the Vendor in respect of the Sale Shares, if any;

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (c) authorising the issue of new share certificates, if any, in respect of the Sale Shares in favour of the Purchaser;
- (d) effecting the appointment of such persons as the Purchaser may nominate as new directors of PCCCSB (as may be notified in writing to the Vendor no less than three (3) days prior to the Completion Date), subject to their consent to act as directors;
- (e) revoking each existing mandate given by PCCCSB for the operation of its bank accounts and giving authority to persons nominated by the Purchaser (as may be notified in writing to the Vendor no less than three (3) days prior to the Completion Date);
- (f) accepting the resignation of the secretary of PCCCSB and appointing a secretary nominated by the Purchaser as the new company secretary of PCCCSB;
- (g) acknowledging the resignation of the existing directors of PCCCSB;
- (iii) written resignations of each of the directors (including alternate directors, if any) of PCCCSB from his or her office as a director to take effect on the Completion Date, with acknowledgements signed by each of them in a form and on terms acceptable to the Purchaser to the effect that they have no claims against PCCCSB;
- (iv) written confirmation that the documents below are available in the registered address or office of PCCCSB:
 - (a) minute books, statutory books and registers, certificates of incorporation, books of account, trading and financial records, taxation returns, constitutions, seals, licenses, permits, records and certificates;
 - (b) financial, accounting and tax records of PCCCSB;
 - (c) documents relating to the ownership and use of assets or property of PCCCSB including any title document, registered Intellectual Property rights, security interest, lease, licence, agreement, consent and insurance; and
 - (d) publicity materials, price list catalogues, instruction manuals, drawings, specifications and other technical/sales matters which relate to the businesses of PCCCSB for the proper operation and commissioning of the equipment.
- (v) a tenancy agreement for continued occupation of the Factory Land by the Purchaser at an agreed rental of RM 1.50 per square feet upon terms and conditions acceptable to the Parties. The tenancy shall commence immediately upon Completion, and there shall be a grace period of one (1) month from the commencement date during which no rent shall be payable by the Purchaser. For the avoidance of doubt, the grace period applies only to the payment of rent. All other expenses, including utility charges and security fees, remains due and payable by the Purchaser.
- (vi) to the extent that the CIMB Trade Facilities remain outstanding and have not been redeemed or replaced by PCM and PCD as at Completion, the Vendor shall provide and enter into such security and collateral agreements with CIMB Bank Berhad to release, remove and replace the corporate guarantees provided by PCCCSB.

Subject to the fulfilment or waiver of the Conditions Precedent, the Purchaser shall on the Completion Date deliver the following to the Vendor:

- (i) subject to compliance by the Vendor of its obligations above, the Purchaser shall pay the Final Disposal Consideration.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (ii) to the extent that the Hire Purchase Facilities remain outstanding and have not been discharged by PCCCSB as at the Completion, the Purchaser shall enter into such security or collateral agreements with the HP Financiers to release, remove and replace the corporate guarantees provided by the Vendor.

If the Vendor or the Purchaser fails to comply with any of their respective completion obligations in this Section 6, the Purchaser, in the case of non-compliance by the Vendor, or the Vendor, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other:

- (i) to terminate the SSA (other than the Surviving Provisions) without liability on its part; or
- (ii) to effect Completion so far as practicable having regard to the defaults which have occurred;
- (iii) to fix a new date for Completion (being not more than thirty (30) business days after the date set for Completion) in which case the provisions of this Clause 6 shall apply to Completion as so deferred but provided such deferral may only occur once.

(7) Post-Completion Obligations

The Parties agree to undertake the following obligations within twelve (12) months from the Completion Date:

- (i) The Vendor will procure the transfer of the employees listed in Schedule 3 of the SSA from the employment of PCCCSB ("**Excluded Employees**"). The Vendor agrees to fully reimburse the Purchaser for all expenses, including salary, statutory contributions and insurance, where applicable, incurred by the Purchaser for the continued employment of the Excluded Employees up until the date when the Excluded Employees are transferred out from PCCCSB.
- (ii) The Purchaser shall procure and complete the change of name of PCCCSB to remove reference to "Paragon" and cease all use of any and all materials bearing the word, name or mark of "Paragon", or any similar word or name, in its business activities. On request, the Purchaser shall provide the Vendor with a confirmation letter that this obligation has been complied with.

(8) Termination

- (i) Occurrence of any of the following events on or prior to the Completion shall constitute a termination event if the breach is capable of remedy but has not been remedied by the defaulting party to the satisfaction of the non-defaulting party within thirty (30) days from the date of receipt of the non-defaulting party's written notice of such breach by the defaulting party ("**Termination Events**"):
 - (a) **Receiver:** a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of a party or of PCCCSB; or
 - (b) **Arrangements:** save and except as stated in the SSA, pursuant to the acquisition and disposal of the Sale Shares, a party or PCCCSB enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (c) **Winding-Up:** an application, petition or order is made for the winding-up or dissolution of a party or PCCCSB, or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of a party or PCCCSB, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the other party; or
- (d) **Cessation of Business:** PCCCSB ceases or threatens to cease carrying on a substantial portion of its business; or
- (e) **Breach of Vendor's Warranties:** there has been a breach of any of the Vendor's warranties and if such breach is capable of being remedied, is not remedied within 30 days of its receipt of notice from the Purchaser (or such extended period as may be allowed by the Purchaser); or
- (f) **Breach of Undertakings or Obligations:** there has been a breach of the covenants, undertakings or obligations under the SSA by a party and if such breach is capable of being remedied, is not remedied within thirty (30) days of its receipt of notice from the other non-defaulting party (or such extended period as may be allowed by the other non-defaulting party); or
- (g) **Material Adverse Event:** save as already disclosed or provided to the Purchaser in the data room made available to the Purchaser up to 15 July 2025 for the purposes of the due diligence on PCCCSB, the occurrence of any occurrence, condition, change, event, circumstance or other material matter which results in either:
 - (aa) a major failure or changes to the business of PCCCSB which would materially impact the business and financial condition of PCCCSB;
 - (bb) PCCCSB has borrowed or incurred or taken any additional borrowings or has any major commitment or contingent liabilities;
 - (cc) The Vendor is not the legal and beneficial owner of the Sale Shares;
 - (dd) PCCCSB is not carrying out the business in accordance with Malaysian laws and regulations applicable to it and such non-compliance is expected to have a material adverse effect upon its continued operations;
 - (ee) there is material litigation instigated against PCCCSB which is within the reasonable knowledge of the Vendor and has not otherwise been disclosed to the Purchaser; or
 - (ff) PCCCSB enters into a material contract not otherwise disclosed to the Purchaser and which is not in the ordinary course of business of PCCCSB for an amount exceeding RM 300,000.
- (ii) **Termination:** Upon the occurrence of any of the Termination Events, where the defaulting party is the Vendor and/or PCCCSB, as applicable, the Purchaser may give a notice in writing to terminate the SSA. Upon the occurrence of any of the Termination Events where the defaulting party is the Purchaser, the Vendor may give a notice in writing to terminate the SSA. Upon termination by the Purchaser in accordance with the SSA, the Vendor's solicitors, as stakeholder, and/or the Vendor shall refund all monies received from the Purchaser together with any fines, penalties or interests pursuant to the SSA to the Purchaser in full within five (5) business days from the date of such written notice.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

(iii) **Remedies:**

- (a) If the notice of termination is given by the Purchaser, the Purchaser shall be entitled to all rights and remedies available to the Purchaser including but not limited to the full refund of all monies paid.
- (b) If the notice of termination is given by the Vendor, the Vendor shall be entitled to all rights and remedies available to the Vendor.
- (c) In the event of any late payment of amounts due under the SSA, there shall be an interest at the rate of 8% per annum on such amount due and owing by a party, calculated on a daily pro-rated basis from the due date to the date of payment.

(iv) **Specific Performance:** Either of the Vendor or the Purchaser shall be entitled to claim specific performance of the SSA against the other party and for this purpose the Vendor and the Purchaser hereby agree that an alternative remedy of monetary compensation shall not be regarded as sufficient compensation for the Purchaser's or the Vendor's default in the performance of the terms and conditions of the SSA.