PARAGON GLOBE BERHAD (“PGB” OR “COMPANY”)

PROPOSED ACQUISITION BY PARAGON GLOBE PROPERTIES SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF PGB, OF 3 PARCELS OF LAND HELD UNDER GM 716 LOT 1428, GM 715 LOT 1430 AND GM 718 LOT 1431, ALL IN MUKIM OF RENGAM, DISTRICT OF KLUANG, STATE OF JOHOR, MEASURING APPROXIMATELY 3.51 HECTARES, 3.90 HECTARES AND 4.43 HECTARES RESPECTIVELY FOR A TOTAL CASH CONSIDERATION OF RM11,475,253.86 (“PROPOSED ACQUISITION”)

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1. INTRODUCTION

The Board of Directors of the Company (“**Board**”) wishes to announce that Paragon Globe Properties Sdn. Bhd. (“**PGPSB**”), a wholly-owned subsidiary of the Company, had on 13 October 2025, entered into a sale and purchase agreement (“**SPA**”) with Common Development (M) Sdn. Bhd. (“**CDSB**”) for the proposed acquisition of 3 parcels of freehold land held under GM 716 Lot 1428 (“**Land A**”), GM 715 Lot 1430 (“**Land B**”) and GM 718 Lot 1431 (“**Land C**”), all located in the Mukim of Rengam, District of Kluang, State of Johor, measuring approximately 3.51 hectares, 3.90 hectares and 4.43 hectares respectively (Land A, Land B and Land C collectively as “**Lands**”) for a total cash consideration of RM11,475,253.86 (“**Purchase Consideration**”) to be satisfied entirely in cash (“**Proposed Acquisition**”).

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

(PGPSB and CDSB collectively as “**Parties**” and each a “**Party**”).

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition of Lands and is subject to the terms and conditions of the SPA. Pursuant to the SPA, CDSB has agreed to sell and PGPSB has agreed to purchase the Lands on an, “as is where is” basis free from all and any encumbrances, caveats and with vacant possession but subject to all conditions and restrictions of title express or implied affecting the Lands.

2.1 Background information on CDSB

CDSB is a private company limited incorporated in Malaysia on 16 November 1992, having its registered address at Suite 336, 3rd Floor, Johor Tower, Taman Gereja, 80100 Johor Bahru, Johor and is deemed registered under the Companies Act 2016. CDSB is principally involved in property development.

As at 10 October 2025, being the latest practicable date prior to this announcement (“**LPD**”), CDSB has an issued share capital of RM1,600,002 comprising 1,600,002 ordinary shares.

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As at the LPD, the direct and indirect shareholdings of the directors and shareholders of CDSB are set out below:

Names	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Directors					
Dato' Tan Eng Boon	Malaysian	-	-	-	-
Dato' Sri Edwin Tan Pei Seng	Malaysian	1,040,001	65	-	-
Shareholders					
Dato' Sri Godwin Tan Pei Poh	Malaysian	560,001	35	-	-

2.2 Salient terms of the SPA

The salient terms of the SPA are as follows:

2.2.1 Payment of the Purchase Consideration

The purchase consideration for Land A is RM 3,776,083.76, Land B is RM2,934,852.68 and Land C is RM4,764,317.42. The details of the mode of payment in respect of the Purchase Consideration are as follows:

Mode of payment	RM
20% of the Purchase Consideration ("**Deposit**")	2,295,050.77
80% of the Purchase Consideration ("**Balance Purchase Consideration**")	9,180,203.09
Purchase Consideration	**11,475,253.86**

The Deposit shall be paid by PGPSB to CDSB upon execution of the SPA and the Balance Purchase Consideration shall be paid within 6 months from the date of the SPA ("**Completion Period**").

In the event PGPSB is unable to pay the Balance Purchase Consideration within the Completion Period, CDSB shall automatically grant PGPSB an extension of 3 months from the expiry of the Completion Period ("**Extended Completion Period**") provided that PGPSB shall pay to CDSB interest calculated on daily basis at the rate of 8% per annum ("**Interest**") on the outstanding Balance Purchase Consideration from the day following the expiry of the Completion Period until the date of full payment of the outstanding Balance Purchase Consideration, and such Interest shall be paid together with the outstanding Balance Purchase Consideration.

2.2.2 Special condition

Pursuant to the SPA, upon CDSB's receipt of a further 30% of the Purchase Consideration, amounting to RM3,442,576.16, towards payment of the Balance Purchase Consideration on or before the Completion Period or the Extended Completion Period, the Proposed Acquisition shall be deemed completed and CDSB shall be deemed to have received the full Purchase Consideration in accordance with the terms of the SPA.

The remaining 50% of the Purchase Consideration, amounting to RM5,737,626.93 ("**Debt Portion**"), shall constitute a debt owing by PGPSB to CDSB. The Debt Portion shall be paid within 6 months from the date on which the Proposed Acquisition is deemed completed ("**Date of Completion**").

In the event of any delay in payment of the Debt Portion, CDSB shall grant PGPSB an automatic extension of 3 months, during which the outstanding Debt Portion shall bear Interest calculated on a daily basis, payable together with the outstanding Debt Portion upon full settlement.

2.2.2 Vacant possession

Vacant Possession of the Lands shall be delivered to PGPSB on the date of full payment of Purchase Consideration by PGPSB to CDSB which shall fall within the Completion Period or the Extended Completion Period ("**Vacant Possession Date**").

The risk of the Lands shall remain with CDSB until the Vacant Possession Date.

2.2.3 Default by PGPSB

If PGPSB is in breach of any terms under the SPA or fails to pay the Balance Purchase Consideration on or before the Completion Period or the Extended Completion Period, CDSB shall be entitled to terminate the SPA and annul the sale of the Lands.

Upon termination, CDSB shall be entitled forfeit the Deposit as agreed liquidated damages and refund to PGPSB all other sums (if any) paid towards the Purchase Consideration (excluding the Deposit), free of interest.

PGPSB shall, at its own cost, return all relevant documents forwarded, withdraw any caveat lodged on the Lands, re-transfer the Lands and/or discharge the charge over the Lands and re-deliver vacant possession of the Lands to CDSB. Thereafter, the SPA shall be terminated and neither Party shall have any further claim against the other, save for any antecedent breach of the SPA.

2.2.4 Default by CDSB

If CDSB is in breach of any terms under the SPA or fails to complete the sale of the Lands in accordance with the SPA, PGPSB shall be entitled either to (i) enforce specific performance; or (ii) terminate the SPA by a written notice ("**Notice of Election**") to CDSB and accept a sum equivalent to 10% of the Purchase Consideration as agreed liquidated damages ("**Liquidated Damages**").

Upon termination, CDSB shall within 14 days from the date of the Notice of Election, refund all monies paid by PGPSB under the SPA including the interest earned thereon and all sum paid upon apportionment, together with the Liquidated Damages. Upon the refund thereof, PGPSB shall, at its own cost, return all relevant documents forwarded, withdraw any caveat lodged on the Lands, re-transfer the Lands and/or discharge the charge over the Lands and re-deliver vacant possession of the Lands to the CDSB.

Thereafter, the SPA shall be terminated and neither Party shall have any further claim against the other, save for any antecedent breach of the SPA.

2.3 Basis and justification for the Purchase Consideration

The Purchase Consideration of RM11,475,253.86 was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the indicative market value of Lands as at 10 October 2025, of RM11,500,000.00 as ascribed by an independent firm of valuers appointed by the Company, namely Laurelcap (JB) Sdn. Bhd. ("**Valuer**" or "**Laurelcap**") in its valuation letter dated 10 October 2025 ("**Valuation Certificate**").

In arriving at the market value of Lands, the Valuer had adopted the comparison approach as the method of valuation. The Purchase Consideration of RM11,475,253.86 represents a discount of approximately 0.22% to the indicative market value of the Lands of RM11,500,000.00.

2.4 Liabilities to be assumed by PGB

Save from the potential bank borrowings that may be incurred to fund the Proposed Acquisition, the Group will not assume any liabilities including contingent liabilities and guarantees pursuant to the Proposed Acquisition.

2.5 Additional financial commitment

Save for the Purchase Consideration and working capital requirements for the Proposed Development as set out in **Section 3** of this announcement, there are no other additional significant financial commitments to be extended by the Group in relation to Lands pursuant to the Proposed Acquisition.

2.6 Source of funding

The Purchase Consideration is expected to be funded via a combination of internally generated funds and/or bank borrowings. The exact quantum and the resultant proportion of internal funds and/or bank borrowings have not been ascertained at this juncture.

In addition, the funding for the Proposed Development as set out in **Section 3** of this announcement is expected to be financed via internally generated funds and/or bank borrowings.

3. INFORMATION ON LANDS

3.1 Location of Lands

The Lands are situated along Jalan Besar within 86200 Simpang Renggam, Johor Darul Takzim. It is approximately 68.40 kilometres north-west of Johor Bahru city centre and about 1.00 kilometre south of Simpang Renggam town centre respectively. The Lands are accessible from Johor Bahru city centre via Jalan Wong Ah Fook, turning off onto Jalan Tun Abdul Razak, thereonto Lebuhraya Skudai, North-South Expressway, Jalan Parit Ismail and finally onto Jalan Besar to where the Lands are located.

The surrounding area comprises a mixture of residential, commercial and industrial in character, consisting of terraced houses, semi-detached houses, detached houses, terraced shop-offices, terraced factories, semi-detached factories and detached factories. The Sekolah Menengah Kebangsaan Simpang Rengam is located 500.00 metres due west, whilst Plaza Tol Simpang Renggam is sited about 2.20 kilometres due south-west of the Lands respectively.

Other prominent landmarks located in the immediate vicinity are Sekolah Menengah Kebangsaan Simpang Rengam, Sekolah Menengah Kebangsaan Dato' Abdul Rahman Andak, Dewan Muafakat Simpang Renggam, Surau Saidina Abu Bakar, Simpang Renggam Prison, Target Supermarket, Econsave Hypermarket and Majlis Daerah Simpang Renggam.

Established housing estates located within a 5.00 kilometres radius include Taman Suria, Taman Ria, Taman Rekamas, Kampung Hasim, Kampung Simpang Renggam, Kampung Choko an Kampung Paya Simpang Renggam.

The map indicating the location of the Lands is set out below:

3.2 Details of Lands

The details of Land are as follows:

		Land A	Land B	Land C
Registered owner	:		CDSB	
Title no.	:	GM 716	GM 715	GM 718
Lot no.	:	Lot 1428, in the Mukim of Rengam, District of Kluang, State of Johor	Lot 1430, in the Mukim of Rengam, District of Kluang, State of Johor	Lot 1431, in the Mukim of Rengam, District of Kluang, State of Johor
Lands area	:	3.5081 hectares (377,608.38 square feet)	3.8951 hectares (419,264.67 square feet)	4.4262 hectares (476,431.74 square feet)
Tenure	:		Freehold / Term in perpetuity	
Category of lands use	:		Agriculture	
Reserved Area		None	Declared as Malay Reserve Land	None
Express condition	:	(i) This land shall be planted with rubber trees. (ii) The landowner shall at all times take measures as directed by the land administrator to prevent soil erosion on this land.		
Restriction in interest	:		None	
Existing use	:		Vacant and unoccupied as at LPD	
Valuation date	:		10 October 2025	
Valuer	:		Laurelcap	
Market Value	:		RM11,500,000.00	
Encumbrances/ Caveat	:		None	

The acquisition of the Lands is intended to fulfil the requirement of Perbadanan Kemajuan Perumahan Johor ("**PKPJ**") for an affordable housing development ("**RMMJ**") as stipulated in the PKPJ's letter and approved by the Jawatankuasa Perancangan, Rekabentuk dan Penilaian ("**PDRC**").

Accordingly, the Group proposes to undertake an affordable residential development on the Lands in accordance with the PKPJ's requirements and the relevant planning guidelines ("**Proposed Development**").

The Proposed Development is expected to commence upon obtaining all requisite approvals from the relevant authorities and finalisation of the detailed development plans. The gross development value and gross development cost will be determined upon the finalisation of the development plans.

As at the LPD, the Group has obtained PKPJ's approval but has yet to secure the planning permission and building plan approvals for the Proposed Development.

4. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition represents a strategic initiative by the Group to fulfil the requirement of PKPJ for the development of RMMJ as approved by the PDRC. The Proposed Acquisition enables the Group to comply with PKPJ's directive and participate in the Johor State Government's affordable housing programme, thereby supporting Johor's long-term social and economic development objectives.

Strategically located along Jalan Besar within Simpang Renggam, Johor, the Lands provide the Group with a well-connected site surrounded by established residential, commercial and industrial developments. The acquisition not only aligns with the Group's commitment to deliver affordable housing solutions but also strengthens its presence in a growing township with strong infrastructure access via the North–South Expressway and nearby local amenities.

The Proposed Acquisition will further enhance the Group's collaboration with PKPJ and the Johor State Government, strengthening our positioning as a responsible and reliable property developer committed to contributing to Johor's community development agenda. It also broadens the Group's development portfolio, balancing its mix of residential, industrial and affordable housing projects while ensuring diversification of its income base and strengthening its sustainable growth profile.

Overall, the Board believes that the Proposed Acquisition is in the best interest of the Group as it complements the Group's development strategy, enhances stakeholder confidence and contributes to the long-term sustainability and growth of its business operations.

5. PROSPECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is expected to contribute positively to the Group's long-term growth by enabling it to participate in Johor's affordable-housing agenda, which remains a key priority under the Johor's development framework. Demand for affordable housing continues to be underpinned by steady population growth, urbanisation and government initiatives aimed at promoting home ownership among the low- and middle-income groups.

The Lands, situated within Mukim of Renggam, District of Kluang, are strategically positioned in a developing area with good connectivity to surrounding industrial and residential areas. The Proposed Development is therefore well placed to cater the growing demand for quality and affordable housing in the region while supporting balanced regional development.

The Proposed Acquisition is anticipated to create new development opportunities and strengthen the Group's earnings visibility over the medium term once the project is launched. In addition, it will also reinforce the Group's reputation as a reliable and trusted development partner of the Johor State Government, enhancing its prospects for future participation in similar State-driven housing initiatives.

The Board is confident that the Proposed Acquisition will enhance the Group's strategic positioning within the Johor property market, support its commitment to sustainable and inclusive growth and contribute positively to its long-term profitability and shareholder value.

6. RISK FACTORS

The risk factors relating to the Proposed Acquisition include, but are not limited to the following:

(i) Property development risk

The acquisition and the subsequent development of the Lands will expose the Group to the risks inherent to the property development business, which includes, but are not limited to, the following:

(i) the risk of obtaining the necessary approvals for the development order;

(ii) changes in regulations governing property development;

(iii) market demand in the surrounding areas of Lands;

(iv) shifts in consumer preferences for residential properties types;

(v) fluctuation in material prices and labour costs;

(vi) changes in federal and state policies relating to property development; and

(vii) overall economic conditions that may affect the purchasing power and buying sentiments of property buyers.

Nevertheless, the Group will minimise these risks by leveraging on its past experience and expertise in property development, adopting prudent risk management practices and continuously monitoring its development strategies.

(ii) Investment risk

Upon completion of the Proposed Acquisition, PGB will be subject to inherent risks associated with property investment such as potential adverse impacts arising from general economic downturn in the global and/or the Malaysian economy.

The market value of the Lands may either appreciate or depreciate depending on factors such as the property market conditions as well as economic, political and regulatory developments in the country.

To mitigate such risk, the Board has exercised due care in evaluating the potential risks and benefits associated with the Proposed Acquisition. The Board believes that the Proposed Acquisition will benefit the Group, taking into consideration, amongst others, the development prospects of the Lands.

(iii) Financial risk

The Proposed Acquisition may be financed through a combination of bank borrowings and/or internally generated funds. In the event the Group obtains bank borrowings to fund the Proposed Acquisition, the Group may incur additional interest expense arising from such bank borrowings. Given that the interest expense charged on bank borrowings are influenced by prevailing interest rate and other various factors, which include general economic and capital market conditions, the Group may potentially be exposed to interest rate fluctuation which may affect the Group's cash flows as well as profitability. For information purposes, the range of interest rates applicable to the Group's existing bank borrowings as at the LPD is between 5.03% - 6.75%.

In addition, any utilisation of internally generated funds may result in a reduction of the Group's working capital, which may have an adverse effect on the cash flow position of the Group. Nevertheless, there is no assurance that the Group will be able to secure or obtain the necessary funding for the Proposed Acquisition in accordance with the payment milestones stipulated in the SPA.

Nevertheless, the Board will seek to mitigate the aforesaid risks by closely monitoring the changes in interest rates, gearing levels and internal cash requirements of the Group to ensure effective cashflow management and that the Group's financial obligations are met in a timely manner.

(iv) Compulsory acquisition risk prior to completion of the Proposed Acquisition

Under the Land Acquisition Act 1960, the relevant state authority has the power to compulsorily acquire any land in Malaysia for certain purposes. In the event of such a compulsory acquisition, the amount of compensation awarded will be based on the fair market value of such property as assessed in accordance with the Land Acquisition Act 1960 and other applicable laws. If any part of the Lands is compulsorily acquired by the state authority prior to completion of the Proposed Acquisition and at a point in time when the fair market value of the Lands has decreased, the level of compensation payable to PGPSB may be lesser than the Purchase Consideration. This may have an adverse effect on the financial position of the Group.

However, the risk of compulsory acquisition of the Lands is mitigated by the fact that presently, the Lands are not subject to any compulsory acquisition notifications issued by the relevant authority.

(v) Acquisition risk

The Board believes that any acquisition risk associated to the Proposed Acquisition is to a great degree mitigated by the Group's expertise and experience acquired over the years and its familiarity with the property development and construction industry. Appropriate measures are expected to be undertaken by the Group for the Proposed Acquisition to minimise the such risk through practicing efficient operating procedures and prudent financial management, including regular review of its property development strategies such as project concept, product mix, pricing, marketing strategies and timing of launches as well as by continuously monitoring the prevailing market conditions.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital and the substantial shareholders' shareholdings of PGB as the Proposed Acquisition will be fully satisfied in cash and does not involve the issuance of new ordinary shares in PGB ("**Shares**").

7.2 Earnings and earnings per share ("EPS")

The Proposed Acquisitions are not expected to have any material effect on the earnings and EPS of PGB for the financial year ended 31 March 2025 and financial year ending 31 March 2026 respectively.

7.3 Convertible securities

As at the LPD, the Company does not have any other convertible securities in issue.

7.4 Net assets ("NA") per Share and gearing

The Proposed Acquisition will not have any effect on the NA per share unless the Company undertakes equity fund raising to fund the Purchase Consideration.

The Purchase Consideration is to be satisfied via internally generated funds and/or bank borrowings. The exact quantum and the resultant proportion of internally generated funds and/or bank borrowings have not been ascertained at this juncture. However, for illustrative purposes, assuming that the Purchase Consideration is fully financed via bank borrowings, the effect of the Proposed Acquisition on the gearing of the Group are as follows:

	Audited as at 31 March 2025	**After the Proposed Acquisition**
	RM'000	**RM'000**
Shareholders' funds/NA	403,715	403,715
Total borrowings	294,919	*306,394
Gearing (times)	0.73	0.76

***Note**:*

* *Assuming the Proposed Acquisition is fully funded via bank borrowings.*

8. PERCENTAGE RATIO OF THE AGREEMENT

The highest percentage ratio applicable to the SPA pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.84%, computed based on the Purchase Consideration compared to the audited consolidated NA of the Company for the financial year ended 31 March 2025.

9. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is not subject to the approval of any relevant authorities for the sale and transfer of Lands and shareholders of the Company.

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

10. TRANSACTIONS WITH THE RELATED PARTIES FOR THE PRECEDING 12 MONTHS

There are no transactions with the Related Parties for the preceding 12 months from date of this announcement.

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

Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh, who are Directors and major shareholders of PGB through their interests in Paragon Adventure Sdn. Bhd., a major shareholder of PGB, are deemed interested in the Proposed Acquisition by virtue of their direct shareholdings in CDSB.

Dato' Tan Eng Boon, being the father of Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh, is also deemed interested in the Proposed Acquisition by virtue of his familial relationship with them.

Save for the above mentioned, none of the other Directors, major shareholders of PGB and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

12. AUDIT COMMITTEE STATEMENT

The Audit Committee of PGB, having considered all aspects of the Proposed Acquisition and is of the opinion that the Proposed Acquisition is:

(i) in the best interests of PGB;
(ii) fair, reasonable and on normal commercial terms; and
(iii) not detrimental to the interests of the minority shareholders.

In forming its view and opinion, the Audit Committee has considered, amongst others, the rationale and financial effects of the SPA as disclosed in **Section 4** and **7** above.

13. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition including but not limited to the salient terms of the SPA, rationale and effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

14. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed within 9 months from the date of the SPA.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and Valuation Certificate are made available for inspection at the Company's Registered Office at Level 10-02, Grand Paragon Hotel, No.18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor 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 13 October 2025.