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")

Reference is made to the Company's announcement dated 13 October 2025 ("**Announcement**") in respect of the aforesaid matter.

(Unless otherwise stated, all abbreviations used herein shall have the same meaning as defined in the Announcement.)

The Board wishes to provide the following additional information in relation to the Proposed Acquisition:

1. The Lands were acquired by CDSB on 27 December 1993 for Land C and 8 September 1994 for Land A and Land B for an aggregate cost of investment RM1.42 million.

2. The Debt Portion is not subject to any interest if it is fully paid within 6 months from the Date of Completion.

   If the Debt Portion is settled within the 3 months automatic extension period, the applicable interest rate on the outstanding Debt Portion is 8% per annum, calculated on a daily basis on the utilised portion of the extension period.

3. The liquidated damages were mutually agreed upon to reflect the commercial risk allocation between the Parties.

   The 20% rate applicable to PGPSB represents compensation to CDSB for potential opportunity costs, holding costs and administrative expenses arising from PGPSB's default.

   The higher rate is considered fair and reasonable in view that under the terms of the SPA, where PGPSB is granted an extended period of 6 months to fully settle 50% of the Purchase Consideration, during which CDSB is required to continue maintaining the Lands and bearing all related outgoings.

   Furthermore, under the terms of the SPA, the Proposed Acquisition shall be deemed completed once 50% of the Purchase Consideration is paid by PGPSB, with the remaining balance treated as a Debt Portion payable thereafter.

   This favorable structure effectively transfers ownership earlier to PGPSB while CDSB remains exposed to payment risk in respect of the Debt Portion.

   In view of the above, the higher 20% liquidated damages is considered fair and commercially justified as it serves as a reasonable safeguard for CDSB to mitigate its potential opportunity costs, holding costs and administrative expenses arising from PGPSB's default given the extended payment period and favourable credit terms accorded under the SPA.

   Conversely, the 10% rate applicable to CDSB aligns with industry practice for vendor default and reflects the commercial position that under the SPA, CDSB has extended favourable terms to PGPSB, including a longer payment timeline and a deemed completion mechanism. These provisions significantly mitigate PGPSB's exposure and reduce the likelihood of financial loss in the event of CDSB's default.

The Board views the differing rates as fair and reasonable, taking into account that PGPSB retains the contractual right to elect and enforce specific performance under the SPA in the event of CDSB's default. This contractual safeguard ensures that the interest of the Group and its non-interested shareholders are adequately protected and the overall transaction structure is commercially balanced and not detrimental to the Group.

4. The Valuer adopted the Comparison Approach, which entails analysing recently transacted lands of a similar nature or offers for sale/rental of similar lands in the area. Adjustments are then made for differences in location, size and shape of the lot, size, condition and design of the building, site facilities available, market conditions and other factors in order to arrive at a common basis for comparison.

5. The net book value of the Lands based on CDSB's latest audited financial statements for the financial year ended 31 March 2024 is RM1.85 million.

   The Lands are currently categorised under "Agriculture" use, while the zoning of the Lands for residential use has been gazetted by the local authority.

   The Group is currently in the midst of preparing the application of subdivision and conversion of the Lands in accordance with the gazetted zoning and relevant authority's requirements. The subdivision, conversion of land use category and amendment of express condition will be undertaken upon finalisation of the detailed development plans and prior to commencement of construction.

   The existing express condition remains applicable until such subdivision and conversion is completed and endorsed on the issue documents of title.

6. The Board (save for Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh who have abstained from deliberating and voting in respect of the Proposed Acquisition), 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.

This announcement is dated 15 October 2025.