

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

MEMORANDUM OF UNDERSTANDING BETWEEN PARAGON METAL SDN. BHD. AND ASAHI SEIREN CO., LTD.

1. INTRODUCTION

The Board of Directors ("**Board**") of the Company wishes to announce that Paragon Metal Sdn. Bhd. [Registration No. 202101017573 (1417873-H)] ("**PMSB**"), a wholly-owned subsidiary of the Company, has on 28 November 2025 entered into a Memorandum of Understanding ("**MOU**") with Asahi Seiren Co., Ltd (Registration No.: 122001017599) ("**ASCL**"). PMSB and ASCL are collectively referred to as the "Parties" and individually as a "Party".

The Parties are desirous to enter into an incorporated joint venture to provide comprehensive consulting services and on-site support regarding the technical, operational, and profit management aspects of recycling aluminium dross and aluminium scraps in Malaysia, upon the terms and conditions contained in the MOU.

2. INFORMATION ON PMSB

PMSB was incorporated in Malaysia on 10 May 2021 as a private limited company, with its registered address at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal activity of PMSB is recycled metal trading, scheduled waste management, and aluminium dross recovery.

As of the date of this announcement, the issued and paid-up capital of PMSB is RM1,000,000.00 divided into 1,000,000 ordinary shares. The directors of PMSB are Mr. Koon Hoi Chun and Mr. Wong Ee-Coln. PMSB is a wholly-owned subsidiary of the Company.

3. INFORMATION ON ASCL

ASCL was incorporated in Japan on 11 December 1953 as a limited liability company with its address at 9-37 Ota, Yao-shi, Osaka 581-0037 Japan. ASCL is primarily involved in the business of aluminium recycling.

As at the date of this announcement, the total paid-up capital of ASCL is JPY 80,000,000.00 divided into 160,000 shares. The Directors of ASCL are Mr. Yoshifumi Taniyama, Mr. Nobuhide Matsui, Mr. Takashi Nakano, and Mr. Kiyoshi Mori. The major shareholders of ASCL are Asako Sangyo Co., Ltd and Asahi Seiren Employee Shareholding Association, who hold 21.83% and 38.10% respectively.

4. SALIENT TERMS OF THE MOU

4.1 Scope and Objective

The objective of the MOU is to acknowledge a collaborative effort between PMSB and ASCL and to define the relationship incorporating the way the Parties will work together in the Joint Venture. The Parties agree that they will enter into a formal joint venture shareholders' agreement in the near future upon the successful incorporation of the joint venture vehicle, which will set out the terms and conditions of the joint venture and define the Parties' respective rights, obligations, and liabilities as shareholders.

4.2 Equity Proportions of the Joint Venture Company ("JV Co")

Upon the incorporation of the JV Co, the Parties shall hold equity in the JV Co in the following proportions:

Shareholders	Capital Outlay (RM)	No. of Ordinary Shares	%
PMSB	300,000.00	300,000	60
ASCL	200,000.00	200,000	40
TOTAL	500,000.00	500,000	100

The Parties agree that the proportion of Ordinary Shares set out above shall be fixed unless varied in accordance with mutual agreement in writing.

4.3 Parties' Responsibilities

The Parties agree that their respective responsibilities in the Joint Venture shall be as follows:

PMSB

- To oversee all Malaysia-based legal, regulatory, and corporate matters, including securing required licenses, environmental permits, and managing government and stakeholder relations;
- To manage day-to-day administrative functions of the plant, including local human resources, payroll, site security, and facilities management;
- To handle domestic procurement of aluminium scrap and dross, as well as local logistics, transportation, and warehousing; and
- To lead local sales, marketing, and customer relationship management, including securing offtake arrangements.

ASCL

- To provide overall operational leadership of the factory, including the supply of proprietary technical know-how, plant design, equipment specifications, and comprehensive training for the local workforce;
- To lead and oversee the full production process from material intake to finished output, ensuring product quality through appropriate control systems aligned with global industry standards;
- To manage day-to-day factory operations with a focus on improving efficiency, increasing yield from dross recovery, reducing operational costs, and implementing best practices drawn from ASCL's global experience; and
- To drive research and development initiatives to explore new applications for by-products, support circular economy objectives, and generate additional revenue opportunities.

4.4 Effectivity and Duration

This MOU shall take effect from the date of execution of the MOU and will be valid for a period of two (2) months. The Parties agree not to solicit, negotiate, or enter into any agreement with any third party relating to a joint venture, collaboration, or transaction of a similar nature in relation to the Joint Venture.

5. RATIONALE OF THE MOU

The MOU is expected to create long-term shareholder value by tapping into the rapidly expanding global recycled aluminium market. The increasing global emphasis on sustainable supply chains and responsible sourcing makes recycled aluminium a critical commodity. This partnership enables Paragon Union to expand its earnings base while reinforcing its credentials as a forward-looking, ESG-compliant corporation.

6. FINANCIAL EFFECTS OF THE MOU

The MOU will not have any effect on the share capital and substantial shareholders' shareholdings of Paragon Union, as no new ordinary shares will be issued.

The MOU is expected to contribute positively to Paragon Union's future profitability and hence future earnings per share. It is not expected to have any material impact on Paragon Union's net assets per share or its gearing for the financial year ending 30 June 2026.

The MOU will not have any material financial impact on Paragon Union in the current financial year but is expected to contribute positively in the long term.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company and/or persons connected with them has any interest, direct or indirect, in the MOU.

8. APPROVALS REQUIRED

The execution of the MOU is not subject to the approval of the shareholders of Paragon Union or any relevant authorities.

9. DIRECTORS' STATEMENT

The Board of Directors of Paragon Union, having taken into consideration all aspects of the MOU, is of the opinion that the MOU is in the best interest of Paragon Union and its Group of Companies.

10. DOCUMENT AVAILABLE FOR INSPECTION

The MOU is available for inspection at the registered office of Paragon Union at B-21-1, Level 21, Tower B, Northpoint, 1, Medan Syed Putra Utara, Mid Valley City, 59200 Kuala Lumpur from Monday to Friday (except public holidays) during normal business hours for a period of three (3) months from the date of this announcement.

This announcement is dated 1 December 2025.