

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold all your shares in Paramount Corporation Berhad ("PCB" or "the Company"), you should at once hand this Circular together with the attached Form of Proxy to the agent through whom you effected the sale for immediate transmission to the purchaser.



PARAMOUNT CORPORATION BERHAD (8578-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING :-

- i) Proposed Acquisition of 750,000 ordinary shares of RM1.00 each representing 74.99% equity interest in K.U. Sistem Holdings Sdn Bhd (263807-K) for a total cash consideration of RM9,900,000;
- ii) Proposed Acquisition of an additional 2,804,000 ordinary shares of RM1.00 each representing 34.36% equity interest in Paramount Assurance Berhad (30046-A) for a total cash consideration of RM5,523,412.70; and
- iii) Proposed Adoption of the new Articles of Association of the Company

and

NOTICE OF EXTRAORDINARY GENERAL MEETING

Advised By



Arab-Malaysian Merchant Bank Berhad

(23742-V) (Licensed Merchant Bank)

(A Member of the Arab-Malaysian Banking Group)

Notice of the Extraordinary General Meeting to be held at Bilik Kuliah, 11th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on 10 June 1997 at 10.30 a.m., together with the Form of Proxy are enclosed with this Circular. The Form of Proxy must be lodged at the Registered Office of the Company at 39th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur not less than 48 hours before the time appointed for the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting at the meeting if you are able to do so.

This Circular is dated 16 May 1997

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:-

Arab-Malaysian	—	Arab-Malaysian Merchant Bank Berhad (23742-V)
Articles	—	Articles of Association of the Company
Board	—	The Board of Directors of the Company for the time being
BNM	—	Bank Negara Malaysia
CDS	—	Central Depository System
Berkeley	—	Berkeley Sdn Bhd (5341-D)
EPS	—	Earnings Per Share
EGM	—	Extraordinary General Meeting
FSEC	—	Four Seas Enterprise Corporation Sendirian Berhad (6462-M)
KUSH	—	K.U.Sistem Holdings Sdn Bhd (263807-K)
KUSH Group	—	KUSH and its subsidiaries and associated company
KLSE	—	Kuala Lumpur Stock Exchange
MCD	—	Malaysian Central Depository Sdn Bhd, a subsidiary company of the KLSE
NTA	—	Net Tangible Assets
PCB or Company	—	Paramount Corporation Berhad (8578-A)
PCB Group or Group	—	PCB and its subsidiaries and associated companies
Paramount Malaysia	—	Paramount Malaysia (1963) Sdn Bhd (5175-V)
PAB	—	Paramount Assurance Berhad (30046-A)
Proposed Acquisition of KUSH	—	Proposed acquisition of 750,000 ordinary shares of RM1.00 each representing 74.99% equity interest in KUSH for a total cash consideration of RM9,900,000
Proposed Acquisition of PAB	—	Proposed acquisition of an additional 2,804,000 ordinary shares of RM1.00 each representing 34.36% equity interest in PAB for a total cash consideration of RM5,523,412.70

DEFINITIONS (CONT'D)

Proposed Disposal of FSEC	—	Proposed adoption of 490,000 ordinary shares of RM1.00 each representing Berkeley's (a wholly-owned subsidiary of PCB) entire equity interest of 47.39% shareholding in FSEC for a total cash consideration of RM1,065,207.92
Proposed Adoption of the new Articles	—	Proposed adoption of the new Articles of the Company
Proposals	—	Proposed Acquisition of KUSH and Proposed Acquisition of PAB collectively
RM and sen	—	Ringgit Malaysia and sen respectively
ROC	—	Registrar of Companies
SC	—	Securities Commission
Sengin	—	Sengin Sdn Bhd (118540-X)
See Hoy Chan	—	See Hoy Chan Sdn Bhd (2244-V)
The Nanyang Insurance	—	The Nanyang Insurance Co. Ltd (60/1956Z)
TSP	—	Teo Soo Pin Sdn Berhad (6608-H)
Shares	—	Ordinary shares of RM1.00 each of the Company

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NOTICE OF EXTRAORDINARY GENERAL MEETING

FORM OF PROXY.....Enclosed

PARAMOUNT CORPORATION BERHAD (8578-A)
(Incorporated in Malaysia)

Registered Office

39th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

16 May 1997

Directors

Tun Dato' Haji Omar Yoke Lin Ong, *SSM, PMN, SPMS, SPDK*
Hon. Ph.D (Malaya), Hon.L.L.D (Hanyang, Seoul) (Chairman)
Teo Chiang Quan (*Chief Executive Officer*)
Tan Sri Dato' Ahmad Sabki Jahidin, *PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK*
Dato' Haji Azlan bin Hashim, *DSNS, DSSA*
Datuk Lim Sun Hoe, *PSD, AMN*
Teo Soo Chew
Teo Chiang Khai
Md Taib bin Abdul Hamid
Ong Keng Siew

To : The Shareholders of **PARAMOUNT CORPORATION BERHAD**

Dear Sir/Madam,

- I) **PROPOSED ACQUISITION OF 750,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING 74.99% EQUITY INTEREST IN KUSH FOR A TOTAL CASH CONSIDERATION OF RM9,900,000;**
- II) **PROPOSED ACQUISITION OF AN ADDITIONAL 2,804,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING 34.36% EQUITY INTEREST IN PAB FOR A TOTAL CASH CONSIDERATION OF RM5,523,412.70; AND**
- III) **PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION OF THE COMPANY.**

1. INTRODUCTION

On 13 December 1996, Arab-Malaysian, on behalf of the Board of Directors of PCB announced to the KLSE that your Company has entered into a Conditional Sale and Purchase Agreement with Sengin and TSP for the acquisition of 750,000 ordinary shares of RM1.00 each representing 74.99% equity interest in KUSH.

On 2 January 1997, Arab-Malaysian, on behalf of the Board of Directors of PCB announced to the KLSE that your Company has entered into several Conditional Sale and Purchase Agreements for the following:-

- i) Proposed acquisition by your Company of an additional 2,804,000 ordinary shares of RM1.00 each representing 34.36% equity interest in PAB; and

- ii) Proposed disposal of 490,000 ordinary shares of RM1.00 each representing Berkeley's (a wholly-owned subsidiary of PCB) entire equity interest of 47.39% shareholding in FSEC for a total cash consideration of RM1,065,207.92.

The approval by FIC for the Proposed Acquisition of KUSH and the Proposed Acquisition of PAB has been obtained on 7 May 1997. In addition, BNM has no objection to the Proposed Acquisition of PAB by PCB vide its letter dated 16 December 1996.

As there are several Directors who sit on the Board of your Company, KUSH, and PAB as well as being common substantial shareholders directly and/or indirectly in these companies, details of which are set out in section 8 of this Circular, your approval for the Proposals is required by way of an EGM in compliance with Section 132E of the Companies Act, 1965 and Section 118 of the KLSE Listing Requirements.

The Proposed Disposal of FSEC does not require the approval of FIC. On 16 April 1997, PCB had obtained a waiver from the KLSE to convene an EGM to seek shareholders' approval in respect of the Proposed Disposal of FSEC.

The Articles of PCB were drawn up in 1969. They have not been amended to cater for subsequent business developments. The Directors propose to adopt the new Articles of the Company to bring them in line with current practice and in compliance with the Companies Act, 1965, the Listing Requirements of the KLSE and the requirements pertaining to the prescription by the KLSE of the shares of the Company into the CDS. On 12 October 1995, the ordinary shares of the Company became a Prescribed Security.

This Circular serves to provide you with the relevant information on the Proposals and Proposed Adoption of the new Articles and to seek your approval for the relevant resolutions to be tabled at the forthcoming EGM to be convened on 10 June 1997.

YOU ARE ADVISED TO READ BOTH THIS CIRCULAR AND THE INDEPENDENT ADVICE CIRCULAR BEFORE VOTING ON THE RELEVANT RESOLUTIONS PERTAINING TO THE PROPOSALS.

2. DETAILS OF THE PROPOSED ACQUISITION OF KUSH

2.1 Proposed Acquisition of KUSH

Your Company proposed to acquire 750,000 ordinary shares of RM1.00 each representing 74.99% equity interest in KUSH for a total cash consideration of RM9,900,000 from the following vendors:-

Vendors	Number of KUSH shares to be sold to PCB
Sengin	250,000
TSP	500,000
TOTAL	750,000

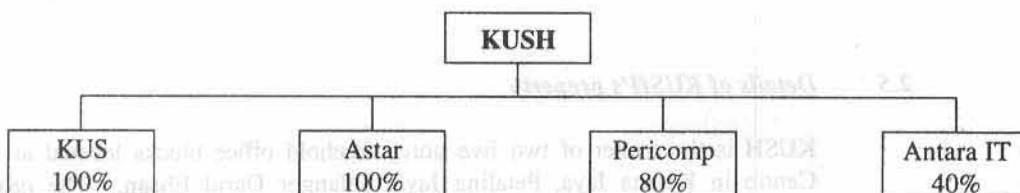
The Conditional Sale and Purchase Agreement for the Proposed Acquisition of KUSH between PCB, Sengin and TSP was signed on 13 December 1996. A sum of RM990,000 representing 10% of the purchase consideration has been paid by PCB as deposit on 12 December 1996 and the balance of the purchase consideration amounting to RM8,910,000 will be paid on the completion date of the proposed acquisition. The purchase consideration will be fully funded through internally generated funds of PCB. The shares of KUSH will be acquired by PCB free from all liens, charges and encumbrances.

2.2 Information on KUSH Group

KUSH was incorporated as a private limited company on 11 May 1993 under the Companies Act, 1965. The authorised share capital of KUSH is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM1,000,002 ordinary shares of RM1.00 each.

KUSH is an investment holding company with three subsidiaries and an associated company. The three subsidiaries are K.U. Sistem Sdn Bhd (123121-M) ("KUS"), Pericomp-Sistech Sdn Bhd (153647-U) ("Pericomp") and Astar Marketing Sdn Bhd (263791-K) ("Astar"). Antara IT Sdn Bhd (351038-H) ("Antara IT") is the associated company. It also provides administration, accounting and warehousing services to the KUSH Group. In respect of KUSH's warehousing services, all stocks are kept in a central warehouse owned by it and the subsidiary companies are charged according to their respective space utilisation.

The organisation structure of KUSH Group is as set out below:-



Further information on KUSH is set out in Appendix I

KUS was incorporated on 12 July 1984 and commenced operations on 1 April 1985 in the business of providing microcomputer systems, hardware, software and services to corporate customers. KUS is an authorised dealer of Hewlett-Packard PCs and peripherals. KUS currently has 258 corporate accounts throughout Malaysia.

Astar started operations on 1 January 1995 by taking over the dealer division of KUS. The main business activity of the company is that of distribution of Hewlett-Packard PC products and other leading brands of peripherals and software to dealers. Astar currently has 280 dealers throughout Malaysia.

Pericomp was incorporated on 30 May 1986 with its business activity in marketing of PCs and peripherals to dealers and corporate customers. It commenced operations on 1 July 1986 by taking over the Peripherals Division of KUS. Pericomp currently has 480 dealers and at least 50 corporate customers throughout Malaysia.

Antara IT, a dormant company was incorporated on 14 July 1995. It was acquired by KUSH on 2 January 1997.

2.3 Basis for determining the purchase consideration

The purchase consideration of RM9,900,000 to be satisfied by cash was arrived at on a willing buyer-willing seller basis after taking into account KUSH's financial and operating history, its prospects, its management team and the valuation of KUSH's property. Details of the KUSH's property are set out in Section 2.5 hereunder.

A profit guarantee will be given by the vendors to PCB in respect of 74.99% of the net earnings of KUSH for the next three financial years of KUSH ending 31 December 1999. Details of the profit guarantee are set out in Section 2.4 hereunder.

2.4 Details of the profit guarantee

The profit guarantee of RM5,361,035.10 to be given by the vendors will be in the form of an irrevocable and unconditional bankers' guarantee to PCB as stated in the Sale and Purchase Agreement :-

Financial Year ending 31 December	Profit after tax to be guaranteed by the vendors of KUSH (RM)
1997	1,322,823.60
1998	1,763,764.80
1999	2,274,446.70
Total	5,361,035.10

2.5 Details of KUSH's property

KUSH is the owner of two five-storey freehold office blocks located at Glomac Business Centre in Kelana Jaya, Petaling Jaya, Selangor Darul Ehsan. The property, measuring 1,281.48 square metres, is currently occupied by the KUSH Group. It was valued by an independent valuer, Messrs CH Williams Talhar & Wong at RM4,100,000 on 15 October 1996. A copy of the Valuer's letter is set out in Appendix III.

3. DETAILS OF THE PROPOSED ACQUISITION OF PAB

3.1 Proposed Acquisition of PAB

Your Company proposed to acquire an additional 2,804,000 ordinary shares of RM1.00 each representing 34.36% equity interest in PAB for a total cash consideration of RM5,523,412.70 from the following vendors :-

Vendors	Number of PAB shares to be sold to PCB	Percentage shareholding in PAB %
See Hoy Chan	180,000	2.21
The Nanyang Insurance	2,240,000	27.45
Paramount Malaysia	320,000	3.92
FSEC	64,000	0.78
TOTAL	2,804,000	34.36

The Conditional Sale and Purchase Agreements for the Proposed Acquisition of PAB between PCB and the vendors were signed on 2 January 1997. A sum of RM552,341.27 representing 10% of the purchase consideration has been paid by PCB as deposit on 2 January 1997 and the balance of the purchase consideration amounting to RM4,971,071.43 will be paid on the completion date of the proposed acquisition. The purchase consideration will be fully funded through internally generated funds of PCB. The shares of PAB will be acquired by PCB free from all liens, charges and encumbrances. As mentioned in Section 1, BNM has no objection to the Proposed Acquisition of PAB by your Company vide its letter dated 16 December 1996. PCB's equity interest in PAB before the Proposed Acquisition of PAB is 50.34%. After the Proposed Acquisition of PAB, PCB's equity interest will increase by 34.36% to 84.70%.

3.2 Information on PAB

The company commenced its operation in 1958 when it was known as the Kuala Lumpur branch office of The Nanyang Insurance Company Limited, a general insurance business incorporated in Singapore ("The Malaysian Operation"). On 4 November 1976, The Malaysian Operation was localised and Nanyang Insurance Company (Malaysia) Sdn Bhd was incorporated on the same date. The company officially changed its name to Paramount Assurance Sendirian Berhad on 21 July 1993. On 7 May 1997, the company was converted into a public limited company and assumed the name of Paramount Assurance Berhad. PAB's principal activity is primarily of underwriting general insurance business.

Further information on PAB is as set out in Appendix II

3.3 Basis for determining the purchase consideration

The purchase consideration of RM5,523,412.70 to be satisfied by cash was arrived at on a willing buyer-willing seller basis after taking into account the adjusted NTA as at 31 December 1995 of PAB of RM16,073,840. The adjustments relate to investments and taxation.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Acquisition of KUSH

The Proposed Acquisition of KUSH will enable the PCB Group to take advantage of the growing prospects of the Information Technology ("IT") industry and to further expand its core activities into the provision of products such as hardware configuration and services such as support and training, system integrators and solutions provider. In addition, the Proposed Acquisition of KUSH will increase PCB Group's earnings in the future.

4.2 Proposed Acquisition of PAB

PAB is a profitable going concern in a progressive and growing general insurance industry. The Proposed Acquisition of PAB will enhance the future profitability of the PCB Group. In addition, the deemed bumiputra's interest in PAB will be increased from 30.47% to 40.79% by virtue of the increase of PCB's equity in PAB.

5. FINANCIAL EFFECTS OF THE PROPOSALS

5.1 Share Capital

There will be no change in the share capital of PCB as a result of the Proposals as the purchase consideration is to be satisfied fully in cash.

5.2 NTA and Earnings

The Proposals will not have a significant effect on the earnings and NTA of the PCB Group for the current financial year ending 31 December 1997. However, the Proposals are expected to contribute positively to the future earnings and NTA of the PCB Group.

6. PROPOSED AMENDMENTS TO THE ARTICLES

The proposed new Articles have been approved by the KLSE on 30 October 1996 and are now subject to the approval of the shareholders of the Company. A full text of the new Articles is reproduced in Appendix IV of this Circular.

7. CONDITIONS TO THE PROPOSALS AND PROPOSED AMENDMENTS TO THE ARTICLES

BNM has no objection to the Proposed Acquisition of PAB as stated in their letter dated 16 December 1996.

However, the Proposals are subject to the following approvals:-

- i) FIC for the Proposed Acquisition of KUSH and Proposed Acquisition of PAB (approval of which was obtained on 7 May 1997);
- ii) shareholders of PCB at an EGM for the Proposals and Proposed Adoption of the new Articles; and
- iii) any other relevant authorities.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

8.1 Proposed Acquisition of KUSH

Mr Teo Chiang Quan being a Director and substantial shareholder of PCB is deemed interested in the Proposed Acquisition of KUSH by virtue of him being a Director and his direct interest in TSP.

Mr Teo Chiang Khai being a Director and substantial shareholder of PCB is deemed interested in the Proposed Acquisition of KUSH by virtue of him being a Director and his direct interest in TSP.

Mr Teo Chiang Lim being a substantial shareholder of PCB is deemed interested in the Proposed Acquisition of KUSH by virtue of him being a Director and his direct interest in TSP.

The direct and indirect shareholdings of Mr Teo Chiang Quan, Mr Teo Chiang Khai and Mr Teo Chiang Lim in PCB are as follows:-

Shareholders	Shareholding			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Teo Chiang Quan	8,000	0.01	*34,964,279	35.72
Teo Chiang Khai	-	-	**34,984,279	35.74
Teo Chiang Lim	-	-	***34,956,279	35.71

* By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Qualipro Corporation Sdn Bhd

** By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Esteem Corporation Sdn Bhd

*** By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Formula Holdings Sdn Bhd

Consequently, Teo Chiang Quan and Teo Chiang Khai have abstained from participation at the PCB Board of Directors' deliberation on the Proposed Acquisition of KUSH and together with Teo Chiang Lim will abstain from voting in respect of their direct and indirect shareholdings on the resolution of the said proposal at an EGM to be convened.

Other than the above, no other Directors and/or substantial shareholders are deemed interested in the Proposed Acquisition of KUSH.

8.2 Proposed Acquisition of PAB

Mr Teo Chiang Quan being a Director and substantial shareholder of PCB is deemed interested in the Proposed Acquisition of PAB by virtue of his direct and/or indirect interest in See Hoy Chan, Paramount Malaysia, The Nanyang Insurance and FSEC.

Mr Teo Soo Chew and Mr Teo Chiang Khai being Directors and substantial shareholders of PCB are deemed interested in the Proposed Acquisition of PAB by virtue of them being Directors and their direct and/or indirect interests in See Hoy Chan, The Nanyang Insurance and Paramount Malaysia. They are also deemed interested in the Proposed Acquisition of PAB by virtue of their indirect interests in FSEC.

En. Md. Taib bin Abdul Hamid being a Director and shareholder of PCB is deemed interested in the Proposed Acquisition of PAB by virtue of him being a Director and his 50.01% direct and 49.99% indirect interest in Thamass Sdn Bhd.

Mr Teo Soo Weng and Mr Teo Soo Kiat being substantial shareholders of PCB are deemed interested in the Proposed Acquisition of PAB by virtue of them being Directors and their direct and/or indirect interests in See Hoy Chan, The Nanyang Insurance and Paramount Malaysia. They are also deemed interested in the Proposed Acquisition of PAB by virtue of their indirect interests in FSEC.

Mr Teo Chiang Lim being a substantial shareholder of PCB is deemed interested in the Proposed Acquisition of PAB by virtue of him being a Director and his indirect interest in FSEC. He is also deemed interested in the Proposed Acquisition of PAB by virtue of his direct and/or indirect interest in See Hoy Chan, The Nanyang Insurance and Paramount Malaysia.

The direct and indirect shareholdings of Mr Teo Chiang Quan, Mr Teo Soo Chew, Mr Teo Chiang Khai, En Md. Taib bin Abdul Hamid, Mr Teo Soo Weng, Mr Teo Soo Kiat and Mr Teo Chiang Lim in PCB are as follows:-

Shareholders	Shareholding			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Teo Chiang Quan	8,000	0.01	*34,964,279	35.72
Teo Soo Chew	-	-	**34,634,391	35.38
Teo Chiang Khai	-	-	***34,984,279	35.74
En. Md. Taib bin Abdul Hamid	10,000	0.01	-	-
Teo Chiang Lim	-	-	#34,956,279	35.71
Teo Soo Weng	-	-	**34,634,391	35.38
Teo Soo Kiat	-	-	**34,634,391	35.38

- * By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Qualipro Corporation Sdn Bhd
- ** By virtue of their equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd and Bunga Indah (M) Sdn Bhd
- *** By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Esteem Corporation Sdn Bhd
- # By virtue of his equity interest in Paramount Malaysia, See Hoy Chan, Paramount Equities Sdn Bhd, Bunga Indah (M) Sdn Bhd, TSP and Formula Holdings Sdn Bhd

Consequently, Mr Teo Chiang Quan, Mr Teo Soo Chew, Mr Teo Chiang Khai and En. Md Taib bin Abdul Hamid have abstained from participation at the PCB Board of Directors' deliberation on the Proposed Acquisition of PAB and together with Mr Teo Soo Weng, Mr Teo Soo Kiat and Mr Teo Chiang Lim will abstain from voting in respect of their direct and indirect shareholdings on the resolution of the said proposal at an EGM to be convened.

Other than the above, no other directors and/or substantial shareholders are deemed interested in the Proposed Acquisition of PAB.

9. DIRECTORS' RECOMMENDATION

Your Directors (with the exception of the interested parties mentioned in Section 8 hereinabove who have refrained from making any recommendation relating to the Proposals), on the advice of Arab-Malaysian, and after taking into consideration relevant factors, are of the opinion that the Proposals are in the best interests of the Company and that the terms are fair and reasonable.

Accordingly, your Directors (save as mentioned above) recommend that you vote in favour of the ordinary resolutions to be tabled at the forthcoming EGM to give effect to the Proposals. In addition, your Directors also recommend that you vote in favour of the special resolution for the adoption of the new Articles to be tabled as special resolution 1 at the said forthcoming EGM.

10. INDEPENDENT ADVISER

Pursuant to the conditions specified by FIC in their approval letter dated 7 May 1997 on the Proposals, PCB has appointed Aseambankers Malaysia Berhad ("Aseambankers") as the independent adviser to advise the minority shareholders of PCB on the Proposals. FIC has on 7 May 1997 approved the appointment of Aseambankers as the independent adviser. An independent advice circular will be circulated to the minority shareholders in due course.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is enclosed in this Circular, will be held at Bilik Kuliah, 11th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on 10 June 1997 at 10.30 a.m. for the purpose of considering and if thought fit, passing the resolutions.

If you are unable to attend and vote at the EGM, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein so as to arrive at the Registered Office of the Company as soon as possible and in any event not later than forty-eight (48) hours before the time fixed for the EGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently find you are able to do so.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully

For and on behalf of the Board of Directors

Tun Dato' Haji Omar Yoke Lin Ong

Chairman

INFORMATION ON KUSH

1. HISTORY AND BUSINESS

KUSH was incorporated in Malaysia under the Companies Act, 1965 on 11 May 1993 as a private limited company. KUSH is an investment holding company with three (3) subsidiaries engaged in marketing, distribution and maintenance of computer products and software. KUSH has an associated company which is presently dormant.

2. SHARE CAPITAL

The present authorised share capital of KUSH is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of KUSH is RM1,000,002 comprising 1,000,002 ordinary shares of RM1.00 each.

There are no movements in the authorised share capital of KUSH since the date of incorporation. The changes in the Company's issued and paid-up share capital since the date of incorporation to the date of this Circular are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total Issued and paid-up share capital (RM)
11.5.1993	2	1.00	Cash	2
1.7.1993	1,000,000	1.00	Other than cash*	1,000,002

* Represents shares issued pursuant to acquisition of the entire paid-up capital of KUS comprising 400,000 ordinary shares of RM1.00 each for a consideration of RM1,000,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of KUSH (with a shareholding of 5% and above) as at the date of this Circular are as follows:-

Shareholders	No of ordinary shares held		%
	Direct	Indirect	
Sengin	500,002	-	50.01
TSP	500,000	-	49.99
Foo Sen Chin	-	500,002*	50.01
Lee Marn Fong	-	500,002#	50.01
Teo Chiang Quan	-	500,000**	49.99
Teo Chiang Lim	-	500,000**	49.99
Teo Chiang Khai	-	500,000**	49.99

* By virtue of his substantial equity interest in Sengin

By virtue of her substantial equity interest in Sengin

** By virtue of his substantial equity interest in TSP

4. DIRECTORS' AND THEIR SHAREHOLDINGS

According to the Register of Directors as at the date of this Circular, the particulars of the Directors of KUSH and their shareholdings are as follows:-

	Address	Occupation	Nationality	No. of ordinary shares held		%
				Direct ('000)	Indirect ('000)	
Teo Chiang Quan	2 Lorong SS 22/27A 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian		500,000*	49.99
Foo Sen Chin	12 Jalan SS 21/48A Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian		500,002**	50.01

* By virtue of his substantial shareholding in TSP

** By virtue of his substantial shareholding in Sengin

5. SUBSIDIARIES AND ASSOCIATED COMPANY

KUSH has three (3) subsidiary companies and one (1) associated company as listed below:-

Name of companies	Date/Place of incorporation	Interest (%)	Paid-up capital (RM)
KUS	12 July 1984/Malaysia	100	400,000
Pericomp	30 May 1986/Malaysia	80	100,000
Astar	11 May 1993/Malaysia	100	100,000
Antara	14 July 1995/Malaysia	40	10,002

The principal activities of KUSH's three subsidiaries are as mentioned in section 2.2.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of KUSH Group based on the audited accounts for the period commencing 11 May 1993 (date of incorporation) to 31 December 1996 are as follows:-

----- Audited -----				
	From 11.5.1993 to 31.12.1993 RM'000	1994 RM'000	1995 RM'000	1996 RM'000
Turnover	36,543	51,276	64,297	*90,594
Profit before taxation	399	1,095	1,326	*2,099
Taxation	(170)	(423)	(434)	(756)
Profit after taxation ("PAT")	229	672	892	1,343
Minority Interest ("MI")	(11)	(96)	(70)	(116)
PAT after MI	218	576	822	1,227
Extraordinary items	-	-	-	-
Profit after taxation attributable to shareholders	218	576	822	1,227
No. of shares in issue ('000)	1,000	1,000	1,000	1,000
Net EPS (RM)	0.22	0.58	0.82	1.23
Gross dividend per share (%)	-	4.0	5.0	5.0

* The increase in turnover is due to additional product lines and a wider coverage of corporate customers and dealers throughout Malaysia. Profit before taxation increased in tandem with the increase in turnover.

EXTRACT OF THE AUDITED ACCOUNTS OF KUSH GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1996

Company No. 263807-K

**K.U. SISTEM HOLDINGS SDN. BHD.
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1996

	Note	RM	1995 RM
FIXED ASSETS	3	5,333,620	3,201,135
CURRENT ASSETS			
Stocks	5	7,146,581	3,630,054
Trade debtors	6	15,025,218	12,243,644
Other debtors, deposits and prepayments		416,064	377,580
Cash and bank balances		1,894,191	687,634
		24,482,054	16,938,912
LESS: CURRENT LIABILITIES			
Trade creditors		11,714,072	8,514,117
Other creditors and accruals		2,342,626	1,663,693
Hire purchase creditors	7	116,788	76,957
Short term borrowings	8	7,560,071	5,269,894
Provision for taxation		934,164	523,906
Proposed dividend		35,000	35,000
		22,702,721	16,083,567
Net Current Assets		1,779,333	855,345
		7,112,953	4,056,480
Financed by:-			
SHARE CAPITAL	9	1,000,002	1,000,002
PROPERTY REVALUATION RESERVE (non-distributable)	10	1,629,662	-
RESERVE ON CONSOLIDATION	11	299,130	299,130
UNAPPROPRIATED PROFIT		2,744,694	1,552,309
Shareholders' Funds		5,673,488	2,851,441
MINORITY INTEREST		415,075	304,666
TERM LOAN (SECURED)	12	779,035	813,929
DEFERRED TAXATION	13	161,000	18,000
HIRE PURCHASE CREDITORS	7	84,355	68,444
		7,112,953	4,056,480

The notes set out on pages 18 to 24 form an integral part of, and should be read in conjunction with, these accounts.

K.U. SISTEM HOLDINGS SDN. BHD.
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1996

	Note	RM	1995 RM
Turnover	14	90,594,931	64,296,595
Profit before taxation	15	2,099,396	1,325,871
Taxation	16	(756,000)	(434,432)
Profit after taxation		1,343,396	891,439
Minority interest		(116,011)	(69,820)
Profit attributable to shareholders		1,227,385	821,619
Unappropriated profit brought forward		1,552,309	765,690
Profit available for appropriation		2,779,694	1,587,309
Appropriation:			
Proposed final dividend of 5% (1995 - 5%) net of tax at 30%		(35,000)	(35,000)
Unappropriated profit carried forward		2,744,694	1,552,309
Retained by:-			
The Company		255,945	342,879
Subsidiary companies		2,488,749	1,209,430
		2,744,694	1,552,309

The notes set out on pages 18 to 24 form an integral part of,
and should be read in conjunction with, these accounts.

K.U. SISTEM HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEET AT 31 DECEMBER 1996

	Note	RM	1995 RM
FIXED ASSETS	3	4,456,182	2,747,214
INTEREST IN SUBSIDIARY COMPANIES	4	1,627,338	917,802
CURRENT ASSETS			
Sundry debtors and deposits		126,954	72,325
Dividends receivable		64,400	57,400
		<u>191,354</u>	<u>129,725</u>
LESS: CURRENT LIABILITIES			
Sundry creditors and accruals		306,235	257,239
Hire purchase creditors	7	55,666	48,000
Short term borrowings	8	2,115,177	1,229,292
Provision for taxation		31,567	24,400
Proposed dividend		35,000	35,000
		<u>2,543,645</u>	<u>1,593,931</u>
Net Current Liabilities		(2,352,291)	(1,464,206)
		<u>3,731,229</u>	<u>2,200,810</u>
Financed by:-			
SHARE CAPITAL	9	1,000,002	1,000,002
PROPERTY REVALUATION RESERVE (non-distributable)	10	1,629,662	-
UNAPPROPRIATED PROFIT		265,945	342,879
Shareholders' Funds		<u>2,895,609</u>	<u>1,342,881</u>
TERM LOAN (SECURED)	12	779,035	813,929
DEFERRED TAXATION	13	42,000	-
HIRE PURCHASE CREDITORS	7	14,585	44,000
		<u>3,731,229</u>	<u>2,200,810</u>

The notes set out on pages 18 to 24 form an integral part of,
and should be read in conjunction with, these accounts.

K.U. SISTEM HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	RM	1995 RM
Turnover	14	2,227,984	1,715,874
Profit before taxation	15	35,066	61,770
Taxation	16	(77,000)	(49,000)
(Loss)/Profit after taxation		(41,934)	12,770
Unappropriated profit brought forward		342,879	365,109
Profits available for appropriation		300,945	377,879
Appropriation:			
Proposed final dividend of 5% (1995 - 5%) net of tax at 30%		(35,000)	(35,000)
Unappropriated profit carried forward		265,945	342,879

The notes set out on pages 18 to 24 form an integral part of,
and should be read in conjunction with, these accounts.

**K.U. SISTEM HOLDINGS SDN. BHD.
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1996

	RM	1995 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,099,396	1,325,871
Adjustments for:		
Depreciation	474,008	442,118
Gain on disposal of fixed assets	(89,126)	(19,999)
Interest income	-	(39,943)
Interest expenses	832,783	523,055
Provision for doubtful debts	35,878	86,476
Provision for doubtful debts written back	(3,804)	-
Operating profit before working capital changes	3,349,135	2,317,578
Increase in stocks	(3,516,527)	(273,941)
Increase in trade debtors	(2,813,648)	(1,566,888)
Increase in other debtors, deposits and prepayments	(38,484)	(201,905)
Increase in trade creditors	3,199,955	2,090,465
Increase/(Decrease) in other creditors and accruals	673,333	(45,488)
Cash generated from operations	853,764	2,319,821
Taxation paid	(202,741)	(344,882)
Interest income	-	39,943
Interest expense paid	(142,212)	(18,424)
Net cash generated from operating activities	508,811	1,996,458
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	91,100	20,000
Purchase of fixed assets	(978,808)	(252,440)
Net cash used in investing activities	(887,708)	(232,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Hire purchase taken to purchase fixed assets	155,000	-
Proceeds from other short term borrowings	2,200,000	480,000
Repayment of hire purchase creditor	(99,258)	(95,720)
Repayment of short term borrowings	(304,807)	-
Dividend paid	(35,000)	(28,000)
Repayment of term loan	(34,894)	(529,755)
Proceeds from term loan	-	81,676
Short term borrowings interest paid	(533,423)	(233,744)
Term loan interest paid	(139,835)	(260,005)
Hire purchase interest paid	(17,313)	(10,882)
Net cash generated from/(used in) financing activities	1,190,470	(596,430)
NET INCREASE IN CASH AND CASH EQUIVALENTS	811,573	1,167,588
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	451,511	(716,077)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,263,084	451,511

**K.U. SISTEM HOLDINGS SDN. BHD.
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)**

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1. PRINCIPAL ACTIVITIES

The principal activities of the Company remained unchanged and consist of investment holding and letting of properties.

The principal activities of the subsidiary companies are set out in Note 4 to the accounts.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The accounts of the Company and its subsidiaries have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets as disclosed in Note 3 and in compliance with approved accounting standards.

2.2 Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year.

All intercompany transactions are eliminated on consolidation.

Goodwill arising on consolidation represents the excess of the cost of the Company's investments over the fair values attributable to the related net assets of the subsidiary companies at the date of acquisition. Reserve arising on consolidation represents the excess of the fair value of net assets acquired over the consideration paid.

2.3 Fixed Assets and Depreciation

The office blocks were revalued on 15 October 1996 by the directors based on an independent professional valuation on an open market basis.

Fixed assets are stated at cost/valuation less accumulated depreciation. Depreciation is calculated on a straight line basis so as to write off the costs of the assets over their estimated useful lives.

The principal annual rates used are as follows:-

Office blocks	2%
Office equipment	20%
Motor vehicles	20%
Workshop equipment	20%
Office furniture	25%
Renovation	20%

2.4 Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less provision for any diminution in value of the investment in the Company's accounts. Provision for diminution in value is made when the directors consider that there is a permanent diminution in the value of the investment.

2.5 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighted average basis. In arriving at net realisable value provision is made, where necessary, for obsolete and slow moving items.

2.6 Hire Purchase

Fixed assets acquired under hire purchase arrangements are capitalised in the accounts and the corresponding obligations treated as a liability. Finance charges are allocated to the profit and loss account over the hire purchase periods to give a constant periodic rate of interest over the remaining period of the hire purchase liabilities.

2.7 Deferred Taxation

Provision for deferred taxation is made on the liability method for taxation deferred in respect of all timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

2.8 Foreign Currencies Translation

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date, or contracted rates where applicable. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at rates ruling on the transaction dates, or contracted rates where applicable. Exchange differences arising from translations are dealt with in the profit and loss account.

3. FIXED ASSETS

Group 1996	Cost/ Valuation RM	Accumulated depreciation RM	Net book value RM	Depreciation charge for the year RM
At Valuation:				
Office blocks	4,100,000	180,814	3,919,186	82,000
At Cost:				
Office equipment	2,233,069	1,344,306	888,763	239,166
Motor vehicles	619,239	230,482	388,757	95,007
Workshop equipment	171,463	158,196	13,267	5,674
Office furniture	194,865	144,671	50,194	19,310
Renovation	168,854	95,401	73,453	32,851
	<u>7,487,490</u>	<u>2,153,870</u>	<u>5,333,620</u>	<u>474,008</u>
1995				
At Cost:				
Office blocks	2,470,338	98,814	2,371,524	49,407
Office equipment	1,575,131	1,105,583	469,548	242,610
Motor vehicles	465,904	274,096	191,808	79,219
Workshop equipment	171,463	152,523	18,940	18,556
Office furniture	172,826	129,815	43,011	19,401
Renovation	168,854	62,550	106,304	32,925
	<u>5,024,516</u>	<u>1,823,381</u>	<u>3,201,135</u>	<u>442,118</u>

Company 1996	Cost/ Valuation RM	Accumulated depreciation RM	Net book value RM	Depreciation charge for the year RM
At Valuation:				
Office blocks	4,100,000	180,814	3,919,186	82,000
At Cost:				
Office equipment	332,772	86,976	245,796	47,706
Motor vehicle	308,430	128,088	180,342	52,866
Office furniture	61,664	24,259	37,405	11,940
Renovation	164,270	90,817	73,453	32,851
	<u>4,967,136</u>	<u>510,954</u>	<u>4,456,182</u>	<u>227,363</u>
1995				
At Cost:				
Office blocks	2,470,338	98,814	2,371,524	49,407
Office equipment	164,366	39,270	125,096	32,873
Motor vehicle	188,054	75,222	112,832	37,611
Office furniture	43,777	12,319	31,458	10,944
Renovation	164,270	57,966	106,304	32,854
	<u>3,030,805</u>	<u>283,611</u>	<u>2,747,214</u>	<u>163,689</u>

The office blocks were revalued on 15 October 1996 by the directors based on an independent professional valuation on an open market basis and have been pledged to a financial institution for term loan and short term borrowings granted to the Company as stated in Note 8 and 12.

The strata title of the office blocks is in the process of being transferred to the Company.

Included in fixed assets of the Group and the Company are motor vehicles with net book value of RM311,090 (1995 - RM191,807) and RM111,797 (1995 - RM112,832) acquired under hire purchase arrangements.

4. INTEREST IN SUBSIDIARY COMPANIES

	Company	
	RM	1995 RM
Unquoted shares - at cost	1,660,000	1,659,998
Amount owing (to)/from subsidiary companies		
- non-trade related	(148,035)	(926,394)
- trade related	115,373	184,198
	<u>1,627,338</u>	<u>917,802</u>

Details of the subsidiaries, all incorporated in Malaysia are as follows:-

Name of Company	Group interest		Principal activities
	1996	1995	
K.U. Sistem Sdn. Bhd.	100%	100%	All three companies are engaged in the marketing of micro computers, software and the provision of computer maintenance services
Pericomp-Sistech Sdn. Bhd.	80%	80%	
Astar Marketing Sdn. Bhd.	100%	100%	

The amount owing (to)/from subsidiary companies is unsecured, bearing interest at 10% per annum (1995 - 9%) and has no fixed term of repayment.

5. STOCKS

	Group	
	1996 RM	1995 RM
Computer hardware	6,913,526	3,533,985
Computer software	233,055	96,069
	<u>7,146,581</u>	<u>3,630,054</u>

6. TRADE DEBTORS

	Group	
	1996 RM	1995 RM
Trade debtors	15,061,096	12,345,430
Less: Provision for doubtful debts	(35,878)	(101,786)
	<u>15,025,218</u>	<u>12,243,644</u>

Doubtful debts written off against provision for doubtful debts made previously amount to RM97,982 (1995 - RM81,435).

7. HIRE PURCHASE CREDITORS

	Group	Company	
	1996 RM	1995 RM	1995 RM
Gross amount payable	237,485	170,539	82,960
Less: Unexpired interest	(36,342)	(25,138)	(12,709)
	<u>201,143</u>	<u>145,401</u>	<u>70,251</u>
Payable within the next twelve months	116,788	76,957	55,666
Payable after the next twelve months	84,355	68,444	14,585
	<u>201,143</u>	<u>145,401</u>	<u>70,251</u>
			<u>92,000</u>

The hire purchase arrangements are with a company in which a director has interest.

8. SHORT TERM BORROWINGS

	Group		Company	
	1995	1995	1995	1995
	RM	RM	RM	RM
Bankers acceptance - secured	1,700,000	800,000	-	-
Bank overdraft - secured	631,107	236,123	386,213	195,521
Revolving credit - secured	3,100,000	1,800,000	1,600,000	800,000
- unsecured	2,000,000	2,000,000	-	-
Short term loan - secured (Note 12)	128,964	128,964	128,964	128,964
- unsecured	-	304,807	-	104,807
	<u>7,560,071</u>	<u>5,269,894</u>	<u>2,115,177</u>	<u>1,229,292</u>

The secured short term borrowings of the Company are secured by a fixed charge over the office blocks of the Company whilst the secured short term borrowings of the subsidiary companies are secured by way of a fixed and floating charge over the assets of the subsidiary companies.

The unsecured short term loan of Group and of the Company represented advances from a company in which a director has interest.

The short term borrowings are subject to interest rates ranging from 8% to 12% (1995 - 7% to 11%) per annum.

9. SHARE CAPITAL

	Group and Company	
	1995	1995
	RM	RM
Ordinary shares of RM1 each:		
Authorised	5,000,000	5,000,000
Issued and fully paid	1,000,002	1,000,002

10. PROPERTY REVALUATION RESERVE (non-distributable)

Group and Company

This represents the surplus arising on the revaluation of the office blocks during the year.

11. RESERVE ON CONSOLIDATION - GROUP

This represents reserve arising on acquisition of subsidiary companies.

12. TERM LOAN (SECURED)

	Group and Company	
	1995	1995
	RM	RM
Repayable within twelve months (Note 8)	128,964	128,964
Repayable after twelve months	779,035	813,929
	<u>907,999</u>	<u>942,893</u>

The term loan of the Company is secured in a similar manner as that of the secured short term borrowings disclosed in Note 8 to the accounts. Interest is charged at 1% (1995 - 1%) per annum above the lender bank's base lending rate. The term loan is repayable over 180 monthly instalments with effect from September 1995.

13. DEFERRED TAXATION

	Group	Company
	1995	1995
	RM	RM
Balance at 1 January	18,000	44,000
Transferred from/(to) profit and loss account	143,000	(26,000)
	<u>161,000</u>	<u>42,000</u>

14. TURNOVER

Turnover of the Company comprises dividends receivable and rental income.

Turnover of the Group represents invoiced value of goods sold and services rendered less returns and discounts.

15. PROFIT/(LOSS) BEFORE TAXATION

	Group	Company
	1995	1995
	RM	RM
This is arrived at after charging:-		
Audit fees		
- current year	26,000	21,000
- overprovision in previous year	(1,000)	(1,000)
Depreciation (Note 3)	474,008	442,118
Directors' fee	12,000	10,000
Directors' remuneration	196,500	195,549
Directors' benefit in kind	7,800	7,800
Interest on term loan	139,835	124,975
Interest on bank overdraft	13,874	18,424
Other interest expense	145,651	31,502
Interest on short term borrowings	533,423	348,154
Office rental	136,480	78,040
Lease rental	64,291	64,400
Provision for doubtful debts	35,878	86,476
Stocks written off	202,435	-
Stocks written down	102,617	-
and crediting:		
Gain on foreign exchange	23,131	-
Gain on disposal of fixed assets	89,126	19,999
Interest income	-	39,943
Provision for doubtful debts written back	3,804	-
Gross dividend from subsidiary companies	-	92,000
Rental income from subsidiary companies	-	324,000
Management fee receivable from subsidiary companies	-	1,821,984
Interest income from subsidiary company	-	10,075

16. TAXATION

	Group	Company		
	RM	1995 RM	RM	1995 RM
Current taxation				
- current year provision	613,000	472,400	35,000	49,000
- overprovision in prior year	-	(11,968)	-	-
	<u>613,000</u>	<u>460,432</u>	<u>35,000</u>	<u>49,000</u>
Deferred taxation				
- current year provision	128,000	(26,000)	27,000	-
- underprovision in prior year	15,000	-	15,000	-
	<u>143,000</u>	<u>(26,000)</u>	<u>42,000</u>	<u>-</u>
	<u>756,000</u>	<u>434,432</u>	<u>77,000</u>	<u>49,000</u>

The effective tax rate of the Group and of the Company are higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

17. SECTION 108 TAX CREDIT

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank payment of dividends out of all its distributable profit at 31 December 1996.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	1995
	RM	RM
Transactions with companies in which a director has interest:		
Interest on short term loan	18,000	18,000
Hire purchase payment	100,835	106,602
	<u>118,835</u>	<u>124,602</u>
	Company	1995
	RM	RM
Receivable from subsidiary companies:		
Dividend income	92,000	82,000
Rental income	324,000	360,000
Interest income	10,075	10,351
Management fee	1,821,984	1,273,874
Interest expense payable to subsidiary companies	66,053	44,258
Purchases from subsidiary company	57,189	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

19. CONTINGENT LIABILITIES

		Company
	RM	1995 RM
Secured		
Guarantees to licensed bank for credit facilities granted to subsidiary company	2,600,000	1,500,000

The Company also guarantees to a supplier for trade credit facilities granted to a subsidiary company.

**EXTRACT OF THE REPORT OF THE AUDITORS ON THE ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 1996**

KPMG Peat Marwick

In association with KPMG Desa Megat & Co.
Public Accountants

4th Floor, Wisma Perdana
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50490 Kuala Lumpur
Malaysia.

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Company No. 263807-K

**K.U. SISTEM HOLDINGS SDN. BHD.
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)**

REPORT OF THE AUDITORS TO THE MEMBERS

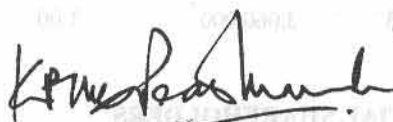
We have audited the accounts set out on pages 13 to 24 in accordance with approved auditing standards.

In our opinion:-

- (a) the accounts give a true and fair view of the state of affairs of the Group and of the Company at 31 December 1996 and of the results of the Group and of the Company and cash flows of the Group for the year ended on that date and comply with the Companies Act 1965, and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for these purposes.

Our audit reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.



KPMG PEAT MARWICK
Firm Number: AF 0758
Public Accountants



GNANACHANDRAN A/L S AYADURAI
Partner
Approval Number: 1722/9/97(J)

Kuala Lumpur,

Date: **7 MAY 1997**

INFORMATION ON PAB

1. HISTORY AND BUSINESS

The company commenced its operation in 1958 when it was known as the Kuala Lumpur branch office of The Nanyang Insurance Company Limited, a general insurance business incorporated in Singapore ("The Malaysian Operation"). On 4 November 1976, The Malaysian Operation was localised and Nanyang Insurance Company (Malaysia) Sdn Bhd was incorporated. The company officially changed its name to Paramount Assurance Sendirian Berhad on 21 July 1993. On 7 May 1997, the company was converted into a public limited company and assumed the name of Paramount Assurance Berhad. PAB's principal activity is primarily of underwriting general insurance business.

Presently, PAB has its Head Office in Kuala Lumpur and 10 branches located in Penang, Sibul, Kota Kinabalu, Bintulu, Ipoh, Johor Bahru, Miri, Kuching, Tawau and Alor Setar. The company currently has 261 agents.

2. SHARE CAPITAL

The present authorised share capital of PAB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of PAB is RM8,160,000 comprising 8,160,000 ordinary shares of RM1.00 each.

There are no movements in the authorised share capital of PAB since the date of incorporation. Changes in the Company's issued and paid-up capital since date of incorporation to the date of this Circular are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital RM
4.11.1976	2	1.00	Cash	2
3.1.1977	10,000	1.00	Cash	10,002
4.1.1977	999,998	1.00	Cash	1,010,000
10.8.1981	1,540,000	1.00	Cash	2,550,000
20.7.1983	2,550,000	1.00	Bonus Issue of 1:1	5,100,000
11.5.1993	3,060,000	1.00	Cash	8,160,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of PAB (with a shareholding of 5% and above) as at the date of this Circular are as follows:-

Shareholders	No of ordinary shares held		%
	Direct	Indirect	
PCB	4,108,000	-	50.34
The Nanyang Insurance	2,240,000	-	27.45

4. DIRECTORS' AND THEIR SHAREHOLDINGS

According to the Register of Directors as at the date of this Circular, the particulars of the Directors of PAB and their shareholdings are as follows:-

	Address	Occupation	Nationality	No. of ordinary shares held		
				Direct ('000)	Indirect ('000)	(%)
Teo Chiang Quan	2 Lorong SS 22/27A 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian	-	6,912,000*	84.71
Teo Chiang Khai	24 Lorong SS 22/27A 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian	-	6,912,000*	84.71
Md. Taib bin Abdul Hamid	6 Lorong 14/37D 46100 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian	-	1,248,000**	15.30
Wong Shu Yoon	75 Jalan SS 18/4F Subang Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian	-	-	-
Dzulkifli Mohd. Salleh	32 Jalan Cawan 6/15 46000 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian	-	-	-

* By virtue of their equity interest in PCB, The Nanyang Insurance, Paramount Malaysia, See Hoy Chan and FSEC.

** By virtue of his equity interest in Thamass Sdn Bhd

5. SUBSIDIARIES AND ASSOCIATED COMPANY

PAB has no subsidiary or associated company.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of PAB based on the audited accounts for the past five(5) financial years ended 31 December 1996 as follows:-

-----Audited-----					
	1992 RM'000	1993 RM'000	1994 RM'000	1995 RM'000	1996 RM'000
Turnover	16,693	17,721	22,208	24,631	**25,970
Profit before taxation	1,513	1,666	#3,276	2,527	#5,012
Taxation	(703)	(720)	(860)	(526)	(1,945)
Profit after taxation	810	946	2,416	2,001	3,067
Extraordinary items	-	-	-	-	-
Profit after taxation attributable to shareholders	810	946	2,416	2,001	3,067
No. of shares in issue ('000)	5,100	*7,020	8,160	8,160	8,160
Net EPS (RM)	0.16	0.13	0.30	0.25	0.38
Gross dividend per share (%)	5.0	5.0	7.5	7.5	7.5

* Weighted average number of shares in issue.

** Increase in turnover in 1996 was attributed to higher premium earned in line with higher volume of direct business

Increase in profit before tax in 1994 and 1996 were attributed to improved underwriting results and higher investment income

@ Represents premium tax recovery received from overseas treaty reinsurers.

6.1 EXTRACT OF THE AUDITED ACCOUNTS OF PAB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1996

Company No. 30046-A

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AT DECEMBER 31, 1996

	Note	1996 RM	1995 RM
ASSETS			
GENERAL BUSINESS ASSETS			
Fixed assets	3	1,964,547	2,808,475
Investments	4	52,139,644	48,269,637
Other assets	5	15,248,117	11,390,177
TOTAL ASSETS		69,352,308	62,468,289
LIABILITIES			
GENERAL BUSINESS LIABILITIES			
Deferred liabilities:			
Deferred taxation	6	933,000	-
Staff retirement gratuity	7	111,440	119,674
Other liabilities	8	43,161,536	39,961,329
TOTAL GENERAL BUSINESS LIABILITIES		44,205,976	40,081,003
PROVISION FOR INSURANCE LIABILITIES			
Reserves for unexpired risks	9	9,314,894	9,194,344
SHAREHOLDERS' FUND			
Share capital	10	8,160,000	8,160,000
Share premium account	11	530,000	530,000
Reserves	12	7,141,438	4,502,942
		15,831,438	13,192,942
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		69,352,308	62,468,289

The above Balance Sheet is to be read in conjunction with the notes to the accounts on pages 33 to 42.

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1996

	Note	1996 RM	1995 RM
Gross operating revenue	2.14	25,969,958	24,631,474
Surplus transferred from revenue account		3,525,366	1,677,923
Management expenses	14	(3,512)	(5,058)
Investment income	15	410,821	412,669
Other income/(expenditure)	17	1,079,413	441,156
Profit for the year before taxation		5,012,088	2,526,690
Taxation	18	(1,945,192)	(525,800)
Profit for the year after taxation		3,066,896	2,000,890
Retained profits brought forward		4,502,942	2,930,452
Profits available for appropriation		7,569,838	4,931,342
Dividend	19	(428,400)	(428,400)
Retained profits carried forward	12	7,141,438	4,502,942
Earnings per share (sen)	20	38	25

The above Profit and Loss Account is to be read in conjunction with the notes to the accounts on pages 33 to 42.

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

GENERAL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1996

	Note	Fire RM	Motor RM	Marine Aviation & Transit RM	Miscellaneous RM	1996 Total RM	1995 Total RM
Gross premium		9,651,542	19,159,892	2,725,429	16,270,609	47,807,472	45,444,633
Less: Reinsurance		(5,229,897)	(4,952,886)	(1,989,655)	(9,665,076)	(21,837,514)	(20,813,159)
Net premium		4,421,645	14,207,006	735,774	6,605,533	25,969,958	24,631,474
Increase/(decrease) in reserves for unexpired risk	9	246,141	(685,298)	74,419	485,288	120,550	66,100
Earned premium		4,175,504	14,892,304	661,355	6,120,245	25,849,408	24,565,374
Net claims incurred	13	(1,859,914)	(8,537,284)	(502,561)	(3,679,738)	(14,579,497)	(15,650,755)
Net commission		(692,067)	(1,190,438)	(127,553)	(1,041,915)	(3,051,973)	(2,793,009)
		(2,551,981)	(9,727,722)	(630,114)	(4,721,653)	(17,631,470)	(18,443,764)
Underwriting surplus before management expenses		1,623,523	5,164,582	31,241	1,398,592	8,217,938	6,121,610
Management expenses	14					(9,482,442)	(7,390,947)
Underwriting deficit						(1,264,504)	(1,269,337)
Investment income	15					2,645,384	2,216,205
Writeback/(Provision) for bad and doubtful debts	16					53,352	(69,041)
Other income/(expenditure)	17					2,091,134	800,096
Transfer to Profit and Loss Account						3,525,366	1,677,923

The above General Insurance Revenue Account is to be read in conjunction with the notes to the accounts on pages 33 to 42.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1996

	Note	1996 RM	1995 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		5,012,088	2,526,690
Adjustment for:			
Depreciation		1,494,988	714,032
(Profit)/Loss on sale of fixed assets		(30,095)	24,186
Provision for diminution in value of investments		116	1,188
Amortisation of premium on Malaysian Government Securities		126,443	103,871
Profit on sale of investments		(3,280,641)	(1,668,624)
Fixed assets written off		-	250,003
Provision for retirement benefits		9,143	100,803
Reserves for unexpired risks		120,550	66,100
Purchase of investments		(18,294,806)	(9,824,216)
Proceeds from sale of investments		16,470,131	6,699,676
		<u>1,627,917</u>	<u>(1,006,291)</u>
CHANGE IN OTHER ASSETS AND LIABILITIES			
Decrease/(Increase) in fixed and call deposits		1,108,749	(3,504,691)
(Decrease)/Increase in reinsurer's deposits		(747,209)	1,279,499
Increase in other debtors, deposits and prepayments		(788,751)	(458,873)
Increase in income due and accrued		(184,676)	(226,919)
Increase in amount due from insureds, agents, brokers and reinsurers		(3,199,937)	(3,058,997)
Increase in amount due to insureds, agents, brokers and reinsurers		873,801	2,851,805
Increase in provision for outstanding claims		2,625,904	5,521,277
Increase in sundry creditors and accruals		40,043	1,286,197
Increase in amount due from holding company		(107,520)	-
Increase in amount due to holding company		-	46,118
Increase in amount due from related companies		(148,853)	(1,685)
		<u>1,099,468</u>	<u>2,727,540</u>
Cash generated from operations		(17,377)	(2,774)
Retirement benefit paid		(502,107)	(413,116)
Income tax paid			
		<u>579,984</u>	<u>2,311,650</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	22	(890,586)	(2,338,752)
Proceeds from sale of fixed assets		269,621	9,800
		<u>(620,965)</u>	<u>(2,328,952)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholders' dividend paid		(428,400)	(428,400)
		<u>(428,400)</u>	<u>(428,400)</u>
NET DECREASE IN CASH AND CASH EQUIVALENT			
		(469,381)	(445,702)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		2,487,362	2,933,064
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	23	<u>2,017,981</u>	<u>2,487,362</u>

The above Cash Flow Statement is to be read in conjunction with the notes to the accounts on pages 33 to 42.

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE ACCOUNTS - DECEMBER 31, 1996

1. BASIS OF PREPARATION

The accounts comply with approved Accounting Standards and the provisions of the Companies Act, 1965, the Insurance Act 1963 and/or the Guidelines issued by Bank Negara.

General business assets and liabilities relate to both general insurance fund and shareholders' fund.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

The accounts are prepared under the historical cost convention and in compliance with approved accounting standards and Bank Negara Malaysia's Guidelines in all material aspect.

2.2 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write-off the cost of the assets over their estimated useful lives. The annual rates of depreciation are as follows:-

Office equipment	10% - 33%
Furniture and fittings	10%
Motor vehicles	20%

2.3 Investments

Investments in Malaysian Government Securities are held to maturity and stated at cost adjusted for amortisation of premiums or accretion of discounts, or market value, whichever is lower on an aggregate basis. Premiums are amortised on a straight line basis over the period from the date of acquisition to the date of maturity of the securities.

Quoted investments are stated at the lower of cost and market value on the aggregate basis by category of investments with a specific write down for any permanent diminution in value.

Unquoted investments are stated at cost and provision is made for any permanent diminution in value.

2.4 Provision For Doubtful Debts

Specific provisions are made for all identifiable doubtful debts. In addition, full provision is made for all debts outstanding for more than six months.

2.5 General Insurance Underwriting Results

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business after taking into account inter alia, reserves for unexpired risks, outstanding claims and additional reserves.

2.6 Premium Income

Premium income is recognised on the date of assumption of risk and for treaty inwards business on the date of receipt of the accounts.

2.7 Premium Deficiency

Provision is also made where necessary for premium deficiency, being the anticipated amount required in excess of unearned premiums to meet claims and related expenses to be incurred during the unexpired period of the risks.

2.8 Reserves for Unexpired Risks

The Reserves for Unexpired Risk (RUR) at balance sheet date is reduced by the corresponding Deduction as Commissions (DAC). For this purpose, in determining the RUR net of DAC (using inception date) at balance sheet date, a comparison is made between the amount calculated on the time apportionment method as prescribed by Malaysian Accounting Standard 3 (marine policies recognised over three months and "1/24" method used for other policies) less DAC as calculated in Note 2.9 with the method prescribed under Bank Negara Malaysia Guidelines and the higher of the two amounts determined is used.

RUR less DAC under the Guideline in respect of Malaysian and overseas business is calculated as follows:-

Marine Cargo and Aviation Cargo Policies

25% of premiums written less deductible reinsurance and less allowable reinsurers' deposits.

Other Policies

The "1/24" method is used for all other policies with a deduction of 20% thereof for DAC and less allowable reinsurers deposits.

2.9 Deductions as Commissions

Deduction as commissions (DAC) are costs incurred that vary with and are primarily related directly to the securing of premiums on issue and renewal of insurance policies, net of income derived from reinsurers in the course of ceding premiums to reinsurers. Recoverable/refundable DAC are normally deferred and calculated on the time apportionment method as used for the calculation of RUR except:-

- (i) in the event that the carrying amount of RUR is less than the anticipated claims and related expenses to be incurred; recoverable DAC are then not deferred; and
- (ii) in the event that RUR exceeds anticipated claims and related expenses to be incurred, and the resultant excess is less than the DAC; DAC are then restricted to that excess.

2.10 Provision for Claims

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date, calculated in accordance with the guidelines prescribed by Bank Negara Malaysia.

2.11 Foreign Currency

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the rates of exchange closely approximate to that ruling at Balance Sheet date. Transactions in foreign currencies during the year are translated into Ringgit Malaysia at the rates ruling on the transaction dates. Exchange differences are taken to the profit and loss account.

2.12 Deferred Taxation

Deferred taxation is calculated on the liability method for all timing differences between accounting and taxable income except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised where there is reasonable expectation of realisation in the near future.

2.13 Staff Retirement Benefit

The Company participates in the retirement benefit scheme of the holding company and makes provisions for unfunded retirement benefits payable to eligible employees calculated on the basis set out in the terms of employment. No actuarial valuation has been carried out yet as the Company only commenced participation in the Scheme in 1993.

2.14 Gross Operating Revenue

Gross operating revenue comprises direct and reinsurance inwards premiums less returns and reinsurance outwards premiums.

3. FIXED ASSETS

	Cost RM	Accumulated depreciation RM	Net book value RM	Depreciation charge for the year RM
1996				
Office equipment	3,382,564	2,091,489	1,291,075	1,308,402
Furniture and fittings	551,007	240,835	310,172	41,158
Motor vehicles	957,836	594,536	363,300	145,428
	<u>4,891,407</u>	<u>2,926,860</u>	<u>1,964,547</u>	<u>1,494,988</u>
1995				
Office equipment	2,584,999	785,469	1,799,530	462,466
Furniture and fittings	532,017	205,028	326,989	38,642
Motor vehicles	1,261,063	579,107	681,956	212,924
	<u>4,378,079</u>	<u>1,569,604</u>	<u>2,808,475</u>	<u>714,032</u>

4. INVESTMENTS

	1996		1995	
	Cost RM	Market value RM	Cost RM	Market value RM
Malaysian Government Treasury Bills	-		1,492,727	
Accretion of discounts	-		70,496	
			<u>1,563,223</u>	
Malaysian Government Securities	17,848,245		11,992,450	
Less: Amortisation of premiums	(288,080)		(178,742)	
Less: Provision for diminution in value	(148,252)		(148,136)	
	<u>17,411,913</u>	<u>17,411,913</u>	<u>11,665,572</u>	<u>11,665,572</u>
Malaysian Government guaranteed loans	-		300,000	
Quoted in Malaysia:				
Shares of corporations	7,476,381	16,169,398	6,074,149	8,813,084
Bonds/Loan stocks of corporations	534,523	596,340	378,726	413,970

	1996		1995	
	Cost RM	Market value RM	Cost RM	Market value RM
Unquoted in Malaysia:				
Shares of corporation	-	-	462,391	-
Bonds of corporation	100,000	-	100,000	-
Fixed and call deposits with:-				
Licensed banks	21,416,020	-	22,487,469	-
Finance companies	4,418,807	-	4,533,107	-
Other financial institutions	482,000	-	405,000	-
	26,316,827	-	27,425,576	-
Statutory deposit	300,000	-	300,000	-
Total Investments	52,139,644	-	48,269,637	-

5. OTHER ASSETS

	1996 RM	1995 RM
Outstanding premium including agents/brokers balances	5,380,256	5,507,998
Provision for doubtful debts	(735,604)	(938,601)
	4,644,652	4,569,397
Amount due from reinsurers/ceding companies and co-insurers	5,251,072	2,072,565
Provision for doubtful debts	(417,074)	(363,249)
	9,478,650	6,278,713
Other debtors, deposits and prepayments	2,387,604	1,598,853
Income due and accrued	1,182,644	997,968
Amount due from holding company	5,828	-
Amount due from related companies	175,410	27,281
Cash and bank balances	2,017,981	2,487,362
	15,248,117	11,390,177

6. DEFERRED TAXATION

	1996 RM	1995 RM
At January 1	-	-
Transfer to profit and loss account	933,000	-
At December 31	933,000	-
This represents the tax effect of:-		
Timing differences between depreciation and capital allowances on fixed assets	1,101,000	-
Timing differences on basis for computing reserves for unexpired risks	1,413,000	-
Other timing differences	595,000	-
Timing differences on which deferred taxation is provided	3,109,000	-

7. STAFF RETIREMENT GRATUITY

	1996 RM	1995 RM
At January 1	119,674	21,645
Provision for the year	9,143	100,803
	<u>128,817</u>	<u>122,448</u>
Benefits paid during the year	(17,377)	(2,774)
	<u>111,440</u>	<u>119,674</u>

8. OTHER LIABILITIES

	1996 RM	1995 RM
Provision for outstanding claims	46,200,522	43,542,958
Less: Recoverable from reinsurers thereon	(20,495,552)	(20,463,891)
Net outstanding claims	25,704,970	23,079,067
Reinsurers deposits	3,284,987	4,032,196
Amount due to reinsurers/ceding companies and co-insurers	6,125,741	7,655,665
Amount due to agents/brokers and insureds	4,267,033	1,863,308
Other creditors and accrued liabilities	1,981,305	1,941,262
Amount due to holding company	-	101,692
Amount due to related companies	-	724
Provision for taxation	1,369,100	859,015
Proposed dividends	428,400	428,400
	<u>43,161,536</u>	<u>39,961,329</u>

9. RESERVES FOR UNEXPIRED RISKS

		Fire RM	Motor RM	Marine, Aviation & Transit RM	Miscellaneous RM	1996 RM	1995 RM
Reserves for unexpired risks							
At January 1	(a)	1,277,298	6,338,866	222,645	2,966,464	10,805,273	10,641,706
Increase/(Decrease)		336,212	(821,251)	84,927	185,304	(214,808)	163,567
At December 31	(b)	1,613,510	5,517,615	307,572	3,151,768	10,590,465	10,805,273
Deduction as commissions							
At January 1	(c)	161,293	598,310	36,861	814,465	1,610,929	1,513,462
Increase/(Decrease)		90,071	(135,953)	10,508	(299,984)	(335,358)	97,467
At 31 December	(d)	251,364	462,357	47,369	514,481	1,275,571	1,610,929
Reserves for unexpired risks less Deduction as commissions							
At January 1	(a) - (c)	1,116,005	5,740,556	185,784	2,151,999	9,194,344	9,128,244
At December 31	(b) - (d)	1,362,146	5,055,258	260,203	2,637,287	9,314,894	9,194,344
Increase/(Decrease) in net reserves for unexpired risk		246,141	(685,298)	74,419	485,288	120,550	66,100

10. SHARE CAPITAL

	1996 RM	1995 RM
Authorised :		
Ordinary shares of RM1.00 each	10,000,000	10,000,000
Issued and fully paid :		
Ordinary shares of RM1.00 each :		
At January 1	8,160,000	8,160,000
Issued during the year	-	-
At December 31	8,160,000	8,160,000

11. SHARE PREMIUM ACCOUNT

	1996 RM	1995 RM
At January 1	530,000	530,000
Premium on new shares issued during the year	-	-
Capitalisation for bonus issued	-	-
At December 31	530,000	530,000

12. RESERVES

	1996 RM	1995 RM
(a) Distributable:		
Retained profit	7,141,438	4,502,942
Other reserves	-	-
Total reserves	7,141,438	4,502,942

(b) The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of net dividends out of all its retained profit as at December 31, 1996.

13. NET CLAIMS INCURRED

	Fire RM	Motor RM	Marine, Aviation & Transit RM	Miscellaneous RM	1996 Total RM	1995 Total RM
Gross claims paid						
less salvage	5,436,053	9,583,428	1,543,941	7,539,567	24,102,989	18,554,497
Reinsurances recoveries	(3,709,181)	(3,064,384)	(1,094,717)	(4,281,114)	(12,149,396)	(8,425,019)
Net claims paid	(a) 1,726,872	6,519,044	449,224	3,258,453	11,953,593	10,129,478
Net outstanding claims:						
At December 31	(b) 636,892	20,351,071	363,393	4,353,615	25,704,971	23,079,067
At January 1	(c) 503,850	18,332,831	310,056	3,932,330	23,079,067	17,557,790
Net claims incurred	(a+b-c) 1,859,914	8,537,284	502,561	3,679,738	14,579,497	15,650,755

14. MANAGEMENT EXPENSES

	1996 RM	1995 RM
(a) Insurance Fund		
Staff salaries	2,946,866	2,446,001
Director's remuneration		
- fees	16,000	15,249
- other emoluments	338,762	366,559
- benefits-in-kind	21,000	24,000
Auditors' remuneration :		
- fees		
- current year	30,000	25,000
- underprovision in respect of previous years	-	5,000
Hire of equipment	37,038	5,730
Rental of offices, premises paid to third parties	644,960	608,788
Depreciation of fixed assets	1,491,512	708,992
Other expenses	3,956,304	3,185,628
	<u>9,482,442</u>	<u>7,390,947</u>
(b) Non-insurance fund		
Other expenses	3,512	5,058
	<u>9,485,954</u>	<u>7,396,005</u>

15. INVESTMENT INCOME

	1996 RM	1995 RM
(a) Insurance fund		
Interest from:-		
Malaysian Government Securities	875,350	734,680
Bonds/Loan stocks:		
- Quoted in Malaysia	50	1,438
- Unquoted	19,428	23,250
Fixed and call deposits	1,541,644	1,223,361
Gross dividends from:		
Shares quoted in Malaysia	127,764	79,102
Unquoted shares	-	94,636
Others	81,148	59,738
	<u>2,645,384</u>	<u>2,216,205</u>
(b) Non-insurance fund		
Gross dividend from shares quoted in Malaysia	51,532	58,127
Interest from loan stocks, fixed and call deposits	359,289	354,542
	<u>410,821</u>	<u>412,669</u>
	<u>3,056,205</u>	<u>2,628,874</u>

16. BAD AND DOUBTFUL DEBT

	1996 RM	1995 RM
Insurance Fund		
Bad debts written off	(95,820)	-
Bad debts recovered	120,000	-
Provision for doubtful debts	29,172	(69,041)
	<u>53,352</u>	<u>(69,041)</u>

17. OTHER INCOME/EXPENDITURE

	1996 RM	1995 RM
(a) Insurance fund		
Other income		
Gain on foreign exchange	-	389
Profit on sale of fixed assets	35,236	-
Profit on sale of investments	2,207,875	1,212,917
Accretion of discounts	58,006	26,915
Commission and other fees	108,124	132,971
Sundry income	2,281	2,526
	<u>(a) 2,411,522</u>	<u>1,375,718</u>
Other Expenditure		
Loss on foreign exchange	1,557	-
Loss on sale of fixed assets	4,202	18,683
Fixed assets written off	-	250,003
Loss on sale of investments	17,737	-
Amortisation of premiums on Malaysian Government Securities	126,443	103,871
Provision for diminution in value of investments	116	1,188
Interest on reinsurers' deposit	124,823	161,042
Sundry expenditure	45,510	40,835
	<u>(b) 320,388</u>	<u>575,622</u>
Net income less expenditure	<u>(a-b) 2,091,134</u>	<u>800,096</u>
(b) Non-insurance fund		
Profit on sale of investments	1,090,503	455,707
Sundry expenditure	(11,090)	(14,551)
	<u>1,079,413</u>	<u>441,156</u>
	<u>3,170,547</u>	<u>1,241,252</u>

18. TAXATION

	1996 RM	1995 RM
Malaysian taxation	1,546,360	525,800
Transfer from deferred taxation	933,000	-
	<u>2,479,360</u>	<u>525,800</u>
Overprovision of taxation in respect of previous years	(534,168)	-
	<u>1,945,192</u>	<u>525,800</u>

The taxation charge of RM1,546,360 on the general business profit is based on profit before taxation of RM5,012,088. The effective rate of taxation, after the transfer from deferred taxation is higher than the standard rate of tax applicable to the general business profit because certain charges and provisions are not deductible for tax purposes.

19. DIVIDENDS

	1996 RM	1995 RM
Proposed final dividend of 7.5% less tax	<u>428,400</u>	<u>428,400</u>

20. EARNINGS PER SHARE

Earnings per ordinary share is calculated based on the profit after taxation but before extraordinary item of RM3,066,896 (1995 - RM2,000,890) and the number of ordinary shares in issue of 8,160,000 (1995 - 8,160,000).

21. OTHER COMMITMENTS AND CONTINGENCIES

In accordance with the Insurance Act, 1963 the Company may be required to contribute up to a maximum amount of RM382,000 (1995 - RM367,000) to the Insurance Guarantee Scheme Fund.

In the normal course of business, the Company makes various commitments and incurs certain liabilities on behalf of the customers. No material losses are anticipated as a result of these transactions. details of commitments and contingencies are as follows:

	1996 RM	1995 RM
Performance bonds	2,340,165	871,129
Advance payment guarantees	553,826	191,456
Others	-	-
	<u>2,893,991</u>	<u>1,062,585</u>

22. FIXED ASSETS

During the period, the Company did not acquire any fixed asset by means of finance leases. Cash payments of RM890,586 were made to purchase fixed assets.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and balances with bank, excluding fixed and call deposits.

24. SEGMENT INFORMATION

	General Fund RM	Shareholders' Fund RM	Total RM
Cash flows from:			
Operating activities	(1,563,232)	2,143,216	579,984
Investing activities	(620,965)	-	(620,965)
Financing activities	-	(428,400)	(428,400)
	<u>(2,184,197)</u>	<u>1,714,816</u>	<u>(469,381)</u>

24. HOLDING COMPANY

The holding company is Paramount Corporation Berhad, a company incorporated in Malaysia. The amount due from/to the holding company is unsecured, interest free and has no fixed terms of repayment.

25. RELATED COMPANIES

The amount due from/to related companies are unsecured, interest free and has no fixed terms of repayments.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	1996 RM	1995 RM
Premiums received from:-		
- ultimate holding company	58,566	32,476
- related companies	330,898	183,881
Claims paid to a director	130,000	-

27. COMPARATIVE FIGURES

The comparative figures in respect of amount due to/from agents, brokers, insureds, reinsurers, ceding companies' and co-insurers have been reclassified to conform with current year's presentation.

1996 RM	1995 RM
2,711,121	2,711,121
191,436	191,436
-	-
2,902,557	2,902,557

Performance bonds
Advance payment guarantees
(Other)

During the period, the Company did not acquire any fixed assets by means of finance lease. Payments of RM190,586 were made to purchase fixed assets.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, including fixed and call deposits.

29. SEGMENT INFORMATION

	Operating RM	Investing RM	Financing RM
Cash flows from:			
Operating activities	1,603,923	2,141,716	1,399,881
Investing activities	(637,007)	(428,800)	(622,460)
Financing activities	-	-	-
	1,284,107	1,712,916	777,421

30. HOLDING COMPANY

The holding company is Parkson Corporation Berhad, a company incorporated in Malaysia. The amount due from the holding company is unsecured interest free and has no fixed terms of repayment.

31. RELATED COMPANIES

The amount due from related companies are unsecured interest free and has no fixed terms of repayment.

6.2 **EXTRACT OF THE REPORT OF THE AUDITORS ON THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1996**



Peat Marwick

In association with KPMG Desa Megat & Co.
Public Accountants

4th Floor, Wisma Perdana

Jalan Dungun, Damansara Heights
50490 Kuala Lumpur
Malaysia.

P.O. Box 10047

50702 Kuala Lumpur
Malaysia.

Telephone: (03) 2553388

Fax: (603) 2550971

Company No. 30046-A

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 29 to 42 in accordance with approved auditing standards.

In our opinion:-

- (a) the accounts of the Company give a true and fair view of the state of affairs of the Company at December 31, 1996 and of the results of the Company and the cash flows of the Company for the year ended on that date and comply with the Companies Act 1965, and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Peat Marwick
KPMG PEAT MARWICK
Firm Number: AF 0758
Public Accountants

Lim Hun Soon
LIM HUN SOON @ DAVID LIM
Partner
Approval Number: 1514/5/98(J)

Kuala Lumpur,

Date: **24 MAR 1997**

PARAMOUNT ASSURANCE SENDIRIAN BERHAD
(Incorporated in Malaysia)

AUDITORS' CERTIFICATE PURSUANT TO
SECTION 22 OF THE INSURANCE ACT, 1963

We have examined the accompanying accounts of Paramount Assurance Sendirian Berhad for the year ended December 31, 1996, in accordance with approved auditing standards which include such tests of the accounting and other records which we considered necessary in the circumstances.

In our opinion and according to the best of the information and explanations given to us and as shown by the books of the insurer:-

- a) The accounts are drawn up in accordance with the provisions of the Insurance Act 1963, MAS 3 and the Guidelines issued by Bank Negara;
- b) The insurer has during the relevant accounting period complied with the provisions of Section 3(2)(b);
- c) The Balance Sheet truly represents the financial position of the insurer as at December 31, 1996;
- d) The books of the insurer recording its affairs and transactions for the year ended December 31, 1996 have been properly kept;
- e) The assets of the Insurance Fund maintained under the Act complied with section 10 of the Act;
- f) Section 11 of the Act has been complied with in relation to those assets and any assets falling within Sub-section (5) of that Section;
- g) Documents evidencing the insurer's title to the assets of the fund have been inspected and where they have not been inspected, satisfactory information have been received by us as to their whereabouts. The insurer has complied with the requirement of Section 12 of the Act;
- h) The Company has estimated its loss reserves, including those for IBNR, using a proper and consistent method of estimation which is based on properly collated claims statistics;
- i) The apportionments made under the Insurance Act 1963 have been made in an equitable manner; and
- j) No contravention of the Act have been discovered in the course of the audit.

KPMG Peat Marwick
KPMG PEAT MARWICK
Firm Number: AF 0758
Public Accountants

Lim Hun Soon
LIM HUN SOON @ DAVID LIM
Partner
Approval Number: 1514/5/98(J)

Kuala Lumpur,

Date: 24 MAR 1997

VALUER'S LETTER ON KUSH'S PROPERTY

(Prepared for inclusion in this Circular)

C H Williams Talhar & Wong Sdn Bhd
15th Floor, Menara MPPJ
New Town Centre
46200 Petaling Jaya
Selangor

12 May 1997

The Board of Directors
Paramount Corporation Berhad
39th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Dear Sirs

REPORT AND VALUATION OF KUSH'S PROPERTY

This letter has been prepared for inclusion in the Circular of Paramount Corporation Berhad to be dated 16 May 1997.

We have inspected and revalued the property on 15 October 1996 (Ref. No. PJ/476/95/430/96/NR) as mentioned below and we are of the opinion that the open market value of the property is as follows:-

Date of valuation	Property	Method of valuation	Value
15 October 1996	Developer's parcel Nos C19-01 to C19-05 and C20-01 to C20-05, Block C, Glomac Business Centre, Jalan SS6/1, Kelana Jaya, Petaling Jaya, Selangor on part of land held under Lot PT4066, title no HS(D) 78437, Mukim of Damansara, District of Petaling, Selangor	Comparison Method	RM4,100,000

Full details of our valuation are shown in our Valuation Report dated 16 October 1995 under the reference no. PJ/476/95/NR.

Yours faithfully
C H Williams Talhar & Wong Sdn Bhd

P'NG SOO THENG
B.Sc., FRICS, MISM, IRRV
Registered Valuer (V140)

DETAILS OF THE PROPOSED ADOPTION OF THE NEW ARTICLES

THE COMPANIES ACT, 1965

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
PARAMOUNT CORPORATION BERHAD

1. The name of the Company is PARAMOUNT CORPORATION BERHAD.
2. The registered office of the Company will be situated in Malaysia.
3. The objects for which the Company is established are :-
 - (1) To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stocks, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.
 - (2) To carry on the business of planters, growers and cultivators of oil palm, hemp, rubber, gutta perch, balata, coffee, cocoa, cinchona and other produce of the soil, and to treat, prepare, render marketable, buy, sell, and dispose of any of such products either in their raw or manufactured state, and to develop the resources of the land acquired by the Company by building, reclaiming, clearing, draining and otherwise improving, farming and planting on any terms or system that may be considered advisable and to stock the same lands and to breed, grow and to deal in all kinds of stock, cattle and produce and to establish shops or stores on the said property and to purchase and sell articles and goods of every description.
 - (3) To carry on all or any of the branches of the businesses of general merchants, agents, brokers, factors, shippers, importers and exporters, general storekeepers, tea dealers, wholesale and retail traders, ship chandlers, ship or aircraft owners, ship builder, ship or aircraft charterer, ship and shipping or air transport agents, carriers by sea, land and air, commission agents, manufacturers, manufacturers' representatives and distributors, estate and property agents, warehousemen, lightermen, stevedores, contractors, builders, guarantors, wharf and dock owners or lessees, owners or lessees of railways, airfields and tramways, owners of mining, planting and other properties wherever situate, owners or lessees of craft, plant and appliances, planters, miners, metallurgist, quarry owners, brick-makers, wool washer, tallow melter, tanners, artificial fertilizer makers, coopers, carpenters, engineers, buyers, sellers and dealers in produce of all kinds, metals, timber and all kinds of machinery, engines, plant, tools, goods, wares and merchandise.
 - (4) To construct, equip, improve, alter, maintain, work manage carry out or control docks, wharves, piers, railways, tramways, air ports, water-courses, hydraulic works, telephones, gasworks, electric works, factories, warehouses and other buildings works and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute to subsidise or otherwise assist or take part in the construction, equipment, improvement, maintenance, working, management, carrying out or control thereof and to take any lease and enter into any working agreement in respect thereof.
 - (5) To establish or acquire and carry on offices, factories, stores and depots and to apply for acquire and hold any barthers, privileges, monopolies, licenses, patents or other rights or powers from any Government.
 - (6) To accept deposits of money on loan at interest or without interest and to carry on the business of capitalists, financiers and concessionaires, and to undertake, carry on and execute all kinds of financial, commercial, trading and other similar operations.

- (7) To advance money to any person or persons or corporation, either at interest or without, upon the security of freehold or leasehold property or property of any other tenure or kind whatsoever by way of mortgage, or upon any marketable security, and in particular to advance money upon the security of or for the purpose of enabling the person, persons, or corporation borrowing the same to erect, or purchase, or enlarge or repair any house or building, upon such terms and conditions as the Company may think fit.
- (8) The purchase or acquire for investment or otherwise and to traffic in lands, houses, buildings and immovable property of any tenure, or any interest therein, and any movable property of any description, or any interest therein, and to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of, and deal with property and rights of all kinds, and in particular with mortgages, debentures, produce, concessions, options, contracts, patents, licenses, stocks, shares, bonds, book debts, business concerns and undertakings and claims, privileges and choses in action of all kinds.
- (9) To undertake or direct the management of the property, buildings, lands and estates (of any tenure or kind) of any person, persons or corporation in the capacity of stewards, receivers or otherwise.
- (10) To manage and conduct the affairs of any company, firm and person carrying on business of any kind whatsoever, and in any part of the world.
- (11) To purchase and sell for any person, persons, or corporation freehold or other house property, buildings or lands, or any share or shares, interest or interests therein, and to transact on commission or otherwise the general business of a land agent.
- (12) To acquire any patent rights, licenses, privileges, trade marks, concessions, or other similar rights, and to work or otherwise turn to account any of the same.
- (13) To act as agents for the issue of any loan by and to issue and place any stocks, bonds, shares, or securities of any sovereign state or authorities, supreme, local or otherwise, and to transact all kinds of agency business, and in particular to collect debts and negotiate loans and generally to carry on and undertake any business transaction commonly carried on or undertaken by promoters of companies, financiers, concessionaires, contractors for public works, capitalists, merchants or traders.
- (14) To act as agents and secretaries or either of them for any other company, association or persons, whatever be the business such company, association or person carries on, and to carry on the business of advertising contractors and agents and any other business which may be usefully carried on in connection with such business and to carry on the business of manufacturers of all kinds of apparatus, appliances, plants and material employed by advertising contractors in their business and to sell and dispose of and to use the same for the purposes of the Company.
- (15) To carry on all kinds of exploration business and in particular to search for, prospect, examine and explore mines and ground supposed to contain tin ore or other minerals or oils and to search for and obtain information in regard mines, mining claims, mining districts and localities.
- (16) To examine and obtain reports upon estates used for the cultivation of rubber and other products of any kind and land supposed to be suitable for the cultivation of rubber or other products as aforesaid.
- (17) To purchase, obtain grants, leases, licenses or options over or otherwise acquire and to sell, turn to account dispose of and deal with mines and mining rights, land supposed to contain tin ore or other minerals or oils, estates used for the cultivation of rubber or other products of any kind and land supposed to be suitable for the cultivation of rubber or other products as aforesaid and also undertakings, dredges, machinery, buildings and other property in any way connected with the foregoing, and while in occupation or control of any such property as aforesaid to preserve, safeguard, develop and manage the same and to carry on the same as a going concern.

- (18) To carry on any other trade or business whatsoever which can, in the opinion of the Board of Directors, be advantageously or conveniently carried on by the Company by way of extension of or in connection with or as ancillary to any such business as aforesaid, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets, property or rights.
- (19) To acquire and take over the whole or any part of the business, property and liabilities of any person or persons, firm or corporation, carrying on any business which the Company is authorised to carry on, or possessed of any property or rights suitable for the purposes of the Company.
- (20) To take or otherwise acquire and hold shares, stock, debentures or other securities of or interests in any other company having objects altogether or in part similar to those of the Company or carrying on or about to carry on any business capable of being conducted so as directly or indirectly to benefit the Company.
- (21) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid shares, or by the issue of securities, or partly in one mode and partly in another, and generally on such terms as may be determined.
- (22) To borrow or raise or secure the payment of money by mortgage, or by the issue of debentures or debenture stock, perpetual or otherwise, or in such other manner as the Company shall think fit, and for the purposes aforesaid or for any other lawful purpose to charge all or any of the Company's property or assets, present and future, including its uncalled capital and collaterally or further to secure any securities of the Company by a trust deed or other assurance.
- (23) To guarantee, grant indemnities in respect of, support or secure, either with or without the Company receiving any consideration or advantage (direct or indirect) and whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company, or by both such methods, the performance of the contracts or obligations and the repayment or payment of the principal and premium of and interests and dividends on any securities or obligations of any person or persons or of any company, whether or not having objects or engaged or intending to engage in business similar to these of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 5 of the Companies Act, 1965) of the Company or the Company's holding company.
- (24) To draw, make, accept, indorse, discount, execute and issue promissory notes, bills of exchange, letters of credit, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (25) To grant pensions, allowances, gratuities and bonuses to officers or ex-officers of the Company or to employees or ex-employees of the Company or to its predecessors in business or the dependents relations or connections of any such persons, and to support or subscribe to any charitable public or political institutions, clubs, societies or funds. To subscribe or guarantee money for any national, local, charitable, benevolent, public, general or useful object, or for any exhibition, or for any purpose which may be considered likely directly or indirectly to further the objects of the Company or the interests of its members.
- (26) To lend money on any terms that may be thought fit, and particularly to customers or other persons or corporations having dealings with the Company, and to give any guarantees that may be deemed expedient.
- (27) To invest any moneys of the Company not required for the purposes of its business in such investments or securities as may be thought expedient.

- (28) To enter into any partnership or arrangements in the nature of a partnership, co-operation or union of interest, with any person or persons or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which the Company is authorised to carry on or conduct or from which the Company would or might derive any benefit, whether direct or indirect.
- (29) To established or promote any other company whose objects shall include the taking over of any of the assets and liabilities of the Company or the promotion of which shall be calculated to advance its interests, and to acquire and hold any shares or securities of any such company.
- (30) To acquire and hold or dispose of shares, stock or securities of and guarantee the payment of dividends, interest or capital or any shares, stock or securities issued by or any other obligations of any such company.
- (31) To remunerate any person, firm or company for services rendered or to be rendered in placing, or assisting to place, or guaranteeing the placing or procuring the underwriting of any of the shares or debentures or other securities of the Company, or of the company in which this Company may be interested or propose to be interested, or in or about the conduct of business of the Company, whether by cash payment or by the allotment of shares or securities of the Company, credited as paid up in full or in part, or otherwise.
- (32) To sell, improve, manage, develop, turn to account, exchange, let on rent, royalty, shares of profits or otherwise, grant licenses, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the Company for such consideration as the Company may think fit.
- (33) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase, or otherwise, and to exercise, carry out, and enjoy any charter, license, power, authority, franchise, concession, right, or privilege, which any Government or authority or any corporation or other public body may be empowered to grant; and to pay for, aid in, and contribute towards carrying the same into effect; and to appropriate any of the Company's shares, debentures, or other securities and assets to defray the necessary costs, charges, and expenses thereof.
- (34) To amalgamate with any other company whose objects are or include objects similar to those of the Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities of the Company or any such other company as aforesaid, with or without winding-up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of the Company or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.
- (35) To distribute any of the Company's property among the members in specie.
- (36) To cause the Company to be registered or recognised in any foreign country or place.
- (37) To do all or any of the above things in any part of the world, and either as principals, agents, trustees or otherwise, and either along or in conjunction with others, and by or through agents, sub-contractors, trustees or otherwise.
- (38) i) To make donations for patriotic or for charitable purposes and
ii) To transact any lawful business in aid of Malaysia in the prosecution of any war or hostilities in which Malaysia is engaged.
- (39) To do any or all of the things herein set forth and to the same extent as natural persons could do and in any part of the world as principal agent or otherwise and either alone or in company with others and to do all such other things as are incidental or the Board of Directors may think conducive to the attainment of the above objects or any of them.

(40) The objects set forth in any sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

4. The liability of the members is limited.

5. The share capital of the Company as at the date of adoption of these objects is RM200,000,000/- divided into 200,000,000 shares of RM1/- each. The shares in the original or any increased capital may be divided into several classes, and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

We, the several persons whose names and addresses, and description are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses and Description of Subscribers	Number of shares taken by each Subscriber
<p>TAN SRI ABDUL AZIZ BIN YEOP, P. S. M. No. 32, Jalan Dato Abu Bakar Section 16, Petaling Jaya Selangor</p> <p>Advocate & Solicitor</p>	One
<p>FUN SENG BOON No. 4, Jalan Bukit Menteri Utara Petaling Jaya Selangor</p> <p>Company Director</p>	One
<p>QUAH CHER GEK No. 91, Jalan Templer Petaling Jaya, Selangor</p> <p>Company Director</p>	One
Total	Three

Dated this 11th day of April, 1969.

Witness to the above signatures:

LIM CHEANG KHEOW
Certified Public Accountant (Malaysia),
9th Floor, Kwong Yik Bank Building,
75, Jalan Bandar
Kuala Lumpur

THE COMPANIES ACT, 1965

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
PARAMOUNT CORPORATION BERHAD

TABLE 'A' EXCLUDED

- 1) The regulations in Table 'A' in the Fourth Schedule to the Companies Act, 1965 shall not apply to the Company, except so far as the same are repeated or contained in these Articles.

Table 'A' excluded

INTERPRETATION

- 2) In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context

Interpretation clause

Words	Meanings
The Act	The Companies Act, 1965 (Revised 1992) or any statutory modification amendment or re-enactment thereof.
These Articles	These Articles of Association as now adopted or as from time to time altered by special resolution.
The Company	Paramount Corporation Berhad.
The Directors	The Directors for the time being of the Company.
The Office	The registered office for the time being of the Company.
The Secretary	Any person or persons appointed to perform the duties of Secretary of the Company and shall include any person or persons entitled to perform the duties of Secretary temporarily.
The Register	The register of members to be kept pursuant to the Act.
The Seal	The Common Seal of the Company or in appropriate case the official seal or duplicate Common Seal.

"Central Depositories Act"	The Securities Industry (Central Depositories) Act 1991
"Central Depository"	Malaysian Central Depository Sdn Bhd
"Deposited Security"	A security standing to the credit of a securities account and includes securities in a securities account that is in suspense.
"Depositor"	A holder of securities account
"Exchange"	Kuala Lumpur Stock Exchange
"Month"	Calendar month
"Year"	A year from the 1st January to the 31st December inclusive.
"Market Day"	Any day between Mondays and Fridays which is not a market holiday or Public holiday.
"Member/Members"	Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except Malaysian Central Depository Nominees Sdn Bhd) including depositors whose names appear on the Record of Depositors.
"Record of Depositors"	A record provided by Central Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	The Rules of the Central Depository.
"Securities Account"	An account established by a central depository for a depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the depositor.

Writing shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.

Words importing the singular number only shall include the plural number, and vice verse.

Words importing the masculine gender only shall include the feminine gender; and

Words importing persons shall include corporations.

Expression in Act to bear same meaning in Articles Subject as aforesaid, any words or expressions defined in the Act shall, except where the subject or context forbids, bear the same meanings in these Articles.

SHARES

- | | |
|---------------------|---|
| Authorised Capital | 3. The capital of the Company as at the date of adoption of these Articles is RM200,000,000/- divided into 200,000,000 shares of RM1/= each. |
| Allotment of shares | 4. Subject always to the provisions of the Act and these Article the shares of the Company shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons and on such terms and conditions with such preferred deferred or other special rights or such restrictions whether in regard to dividend voting or return of share capital and either at a premium or otherwise and at such time or times as the Directors may think fit, PROVIDED HOWEVER that shares shall not be issued to transfer a controlling interest in the Company without the prior approval of shareholders in general meeting. |

5. Article 4 shall be subject to the following restrictions, that is to say:-

- (a) No Director shall participate in an issue of shares to employees of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director and unless he holds office in the Company in an executive capacity.
- (b) No issue of preferred share shall be made which would result in the total nominal value of issued preferred shares exceeding the total nominal value of the issued ordinary shares at the time of such issue.

6. The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit PROVIDED THAT the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.

Preference shares

7. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six (6) months.

Rights of preference shareholders

8. The Company (or the Directors on behalf of the Company) may pay to any person a commission in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company: Provided that such commission shall not exceed ten per cent of the price at which such shares are issued, or an amount equivalent to such percentage; and the requirements of the Act shall be observed. Any such commission may be satisfied in fully paid shares of the Company, in which case the provisions of the Act shall be duly complied with.

Commission on subscription of shares

9. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the Act, and may charge the same to capital as part of the cost of construction of the works, buildings or plant.

Interest on share capital during construction

10. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends or other moneys payable in respect of such share.

Receipts of joint holders of share

No trust recognised

11. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or required to recognise any equitable, contingent, future or partial interest in any share or any right whatsoever in respect of any share other than an absolute right to the entirety thereof in the registered holder, except as by these Articles otherwise expressly provided or as required by the Act, the Central Depositories Act or pursuant to any Order of Court.

Entitlement to share certificate

12. Subject to the provisions of the Act, the Central Depositories Act and the Rules every member shall without payment be entitled to receive within ten (10) market days after allotment or fifteen (15) market days after lodgement of transfer a certificate specifying the shares allotted or transferred to him and the amount paid up thereon, provided that in the case of joint holders the Company shall not be bound to issue more than one certificate to all the joint holders and delivery of such certificate to any one of them shall be sufficient delivery to all. If any member shall require more than one certificate in respect of the shares registered in his name he shall pay such fee not exceeding three ringgit per certificate plus any stamp duties levied by the Government concerned for every additional certificate required as the Directors may from time to time determine. In an allotment of shares in the Company pursuant to a right issue, Bonus issue or any offer by the Company for the purpose of shares in the Company, a member of the Company shall, upon compliance with all the conditions of such issues or offer, as the case may be, be entitled to receive within ten market days after allotment up to a maximum of ten certificates of such shares in reasonable denomination without charges. Every certificate issued shall be under the Seal of the Company.

Share certificate

13. The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and shall subject to the approval of the auditors bear the autographic or facsimile signature of at least one Director and a second Director or the Secretary or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amounts paid thereon.

New certificates
may be issued

14. Subject to the provisions of the Act, the Central Depositories Act and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, persons entitled, purchaser, member-firm or member-company of the stock exchange on which the Company's shares are listed or on behalf of its/their client/s as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding three dollars per certificate plus any stamp duties levied by the Government concerned as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person to whom such renewed certificate is given shall also bear such loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

LIEN

Lien on shares not
fully paid up

15. The Company shall have a first and paramount lien upon all the shares (not being fully paid shares) registered in the name of each member (whether solely or jointly with another) and upon all dividends from time to time declared in respect thereof and upon the proceeds of sale of such shares for all debts and liabilities paid discharged or incurred or to be

incurred by the Company in respect of his share or on his account solely or jointly with any other person under or by virtue of any statute or legislative enactment in respect of such shares and also for or in respect of unpaid calls whether the period for the payment fulfillment or discharge thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 11 hereof is to have full effect. Such lien for or in respect of unpaid calls shall extend only to the specific shares on which such calls are for the time being unpaid and to all dividends from time to time declared in respect of such shares. Any moneys paid by the Company as aforesaid shall carry interest at current bank rates from the time of payment until repayment and such moneys and interest may notwithstanding such lien be recovered by action from such member or his legal representative as a debt due by such member or his deceased estate to the Company. Unless otherwise agreed the registration of a transfer of share shall operate as a waiver of the Company's lien (if any) on such shares.

16. The Directors may sell the shares subject to any such lien at such time or times and in such manner as they think fit, but no sale shall be made until such times as the moneys in respect of which such lien exists or some part thereof are or is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due or specifying the liability or engagement and demanding payment or fulfillment or discharge thereof and giving notice of intention to sell in default shall have been served on such member or the persons (if any) entitled by transmission to the shares, and default in payment, fulfillment or discharge shall have been made by him or them for seven days after such notice.

Lien may be enforced by sale of shares

17. The net proceeds of any such sale shall be applied in or towards satisfaction of the amount due to the Company, or of the liability or engagement, as the case may be, and the balance (if any) shall be paid to the member or the person (if any) entitled by transmission to the shares so sold.

Application of proceeds of sale

18. Upon any such sale as aforesaid, the Directors may authorise some person to transfer the shares sold to the purchaser and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Directors may transfer and enter purchaser's name in share register

19. No member shall be entitled to receive any dividend or exercise any privilege as a member in respect of any shares upon which any calls for the time being due and payable shall be unpaid.

Member not entitled to privileges of membership until all calls paid

CALLS ON SHARES

20. The Directors may, subject to the provisions of the Articles, from time to time make such calls upon the members in respect of all moneys unpaid on their shares as they think fit, provided that fourteen days' notice at least is given of each call and each member shall be liable to pay the amount of every call so made upon him to the persons, by the instalments (if any) and at the times and places appointed by the Directors.

Directors may make calls

21. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

When call deemed made

Interest on unpaid calls

22. If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate not exceeding 10 per cent per annum as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.

Sums payable on allotment deemed a call

23. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date whether on account of the amount of the share or by way of premium, shall, for all purposes of these Articles, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all other relevant provisions of these Articles, shall apply as if such sum were a call duly made and notified as hereby provided.

Difference in calls

24. The Directors may from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

Call may be paid in advance

25. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys due upon his shares beyond the sums actually called up thereon, and upon the moneys so paid in advance, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such member. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.

TRANSFER OF SHARES

Transfer in writing and to be left at office

26. Subject to the restrictions of these Articles, the Central Depositories Act and the Rules with respect to the transfer of Deposited Security, any member may transfer all or any of his shares but every transfer must be in writing in the form approved by the Directors and the Kuala Lumpur Stock Exchange.

Both parties must sign transfer

27. The instrument of transfer of a share shall be signed both by the transferor and the transferee. Save that the Directors may determine on terms necessary that such signatures may also be affixed by some method or system of mechanical signature. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members or Record of Depositors in respect thereof.

Person to whom share not transferable

28. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind. An instrument of transfer must be in respect of only one class of shares.

Registration of Transfer

29. Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Directors may decline to recognise any instrument of transfer unless :-

- (a) such fee per instrument of transfer not exceeding Ringgit Malaysia Three (RM3.00) or such other sum as may from time to time be permitted by the Exchange and as the Directors may from time to time require, is paid to the Company in respect thereof;

(b) the amount of the proper duty with which each certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamp duty is paid; and

(c) the instrument of transfer together with the certificate is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by such other evidence as the Directors may reasonably require to show the rights of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

30. (a) The registration of transfer may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty (30) days or such other period as may be required by the Exchange in any Year. Eighteen (18) Market Days of notice or such other period as may be required by the Exchange of any such suspension shall be advertised in a daily newspaper and to be given to the Exchange stating the period and the purpose or purposes of such suspension.

Suspension of Registration

(b) At least three (3) Market Days' prior notice or such other period as may be required by the Exchange, (or, subject to any written laws to the contrary, such other period provided for under the Rules) of any such suspension shall be given to the Central Depository to enable the Central Depository to prepare the Record of Depositors. Provided that where the Record of Depositors is required in respect of corporate actions, at least seven (7) Market Days prior notice shall be given to the Central Depository.

31. There shall be no restriction on the transfer of fully paid up shares except where required by law but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve. If the Directors refuse to register a transfer of any share, they shall within ten (10) Market days after the date on which the transfer was lodged with the Company, send to the lodging broker and transferee notice of refusal as required by the Act. Any instrument of transfer which the Directors may decline to register shall be returned to the person who tendered the same for registration save and except in cases where the Directors suspect fraud.

Restriction on right to transfer

32. Nothing in the articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Renunciation of allotment

33. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the

Non-liability for the Company's Director and officer in respect of transfer

person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Destruction of records

34. Subject as hereinbefore provided, the Company shall be entitled to destroy:

(a) at any time after the expiration of 6 years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares or other forms of security of the Company which shall have been registered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment in respect of which an entry in the Register shall have been made and all records on microfilm or on any other system of data recording and storage.

(b) at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares or representing any other form of security of the Company (being certificates for shares or other securities in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends or interest (being mandates or directions which have been cancelled); and

(c) At any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address.

and it shall conclusively be presumed in favour of the Company that

- (i) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (ii) every certificate for shares or representing any other form of security so destroyed was a valid certificate duly and properly cancelled; and
- (iii) every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company.

Provided that:

- (1) the provisions aforesaid shall apply only to the destruction of documents in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (2) nothing herein contained shall be construed as imposing on the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of Proviso (1) above are not fulfilled;

(3) references herein to the destruction of any documents include references to the disposal thereof in any manner; and

(4) any document referred to in Article 34(b) and (c) may be destroyed at a date earlier than that authorised by this Article provided that a permanent copy of such document shall have been made which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Directors shall take adequate precautions for guarding against falsification and for facilitating its production.

TRANSMISSION OF SHARES

35. In the case of the death of a member, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.

36. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced, as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy. Provided Always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

On Death Registration Of
Executors and Trustees in
Bankruptcy

37. Subject to any other provisions of these Articles, the Central Depositories Act and the Rules, if the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects. Provided that where the share is a Deposited Security and the person becoming so entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were signed by that Member.

Procedure For Registration

38. Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt; and where two or more persons are jointly entitled to any share in consequence of the death or bankruptcy of the registered holder, they shall, for the purposes of these Articles, be deemed to be joint holders of the share.

Right of Unregistered Executors
Trustees

Fee Payable

39. The Company shall be entitled to charge a fee not exceeding Ringgit Three (RM3.00) or such sum as may from time to time be permitted by the Exchange on the registration of every probate, letter of administration, certificate of death or marriage, power of attorney or other instrument.

JOINT HOLDERS OF SHARES

Joint holders

40. Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefit or survivorship subject to the following provisions:-

Maximum number

- (a) The Company shall not be bound to register more than three (3) persons as the holders of any share except in the case of executors, or trustees of a deceased shareholder.

Several and joint liability

- (b) The joint holders of a share shall be liable severally as well as jointly in respect of all calls and other payments which ought to be made in respect of such share.

Survivors of joint holders

- (c) On the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit.

Receipts

- (d) Any one of such joint holders may give effectual receipts for any dividend and payment on account of dividend, bonus, return of capital and other money payable in respect of such share.

Delivery and notices to joint holders

- (e) Only the person whose name stands first in the register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

FORFEITURE OF SHARES

Directors may require payment of call with interest and expenses

41. If any member fails to pay the whole or any part of any call or instalment of call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalments, or such part thereof as remains unpaid, together with interest at such rate not exceeding ten per cent per annum as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.

Notice requiring payment to contain certain particulars

42. The notice shall name a further day (not earlier than the expiration of seven days from the date of the notice) on or before which such call or instalment or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that, in the event of non-payment at or before the time and the place appointed, the shares in respect of which such call was made will be liable to be forfeited.

WINDING UP

NOTICES

Distribution of assets in specie

142. If the Company shall be wound up, the liquidators may with the sanction of a special resolution, divide among the members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing right of the members, but so that if any division is resolved or otherwise than in accordance with such rights the members shall have the same rights of dissent and consequential rights as if such resolution was a special resolution passed pursuant to the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the Act may in like manner authorise the distribution of any shares or other consideration receivable by the liquidators amongst the members otherwise than in accordance with their existing rights, and any such determination shall be binding upon all the members, subject to the right of dissent and consequential rights conferred by the Act.

143. In the event of there being a sale of all or any of the Company's assets on a voluntary liquidation of the Company no commission or fees or other remuneration shall be payable to any Director or liquidator in respect of any such sale on liquidation unless the payment thereof shall be ratified by the members by resolution at an extraordinary general meeting. Specific notice of any such proposed payment and the amount thereof shall be given to the members in the notice convening the meeting at which such proposed payment is to be considered and such notice shall be given not less than seven days before the meeting is to be held.

INDEMNITY

144. Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (including any such liability as is mentioned in the Act), which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no such Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Articles shall only have effect in so far as its provisions are not avoided by the Act.

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| <p>43. If the requisitions of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture, notwithstanding that they shall have been declared.</p> | <p>On non-compliance with notice
shares forfeited on resolution of
Directors</p> |
| <p>44. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the register of members opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.</p> | <p>Notice of forfeiture to
be given and entered in
register of members</p> |
| <p>45. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.</p> | <p>Directors may allow forfeited
share to be redeemed</p> |
| <p>46. Every share which shall be forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the person who was before forfeiture the holder thereof, or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorise some person to transfer the same to such other person as aforesaid.</p> | <p>Procedure for shares forfeited</p> |
| <p>47. A member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture; and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture, without any deduction or allowance for the value of the shares at the time of forfeiture.</p> | <p>Former holders of forfeited
shares liable for call made
before forfeiture</p> |
| <p>48. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the member whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past members.</p> | <p>Consequences of forfeiture</p> |
| <p>49. A statutory declaration in writing that the declarant is a Director of the Company, and that a share has been duly forfeited in pursuance of these Articles, and stating the date upon which it was forfeited, shall, as against all persons claiming to be entitled to the share adversely to the forfeiture thereof be conclusive evidence of the facts therein stated, and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof, and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of shall constitute a good title to the share, and (subject to the execution of any necessary transfer) such person shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale of</p> | <p>Title to forfeited shares</p> |

disposition, and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

CONVERSION OF SHARES INTO STOCK

Power to convert into stock

50. The company may, from time to time, by resolution of a general meeting convert all or any of its paid-up shares into stock and may from time to time, in like manner, re-convert any such stock into paid-up shares of any denomination.

Transfer of stock

51. When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company in general meeting shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances will admit. But the Directors may, if they think fit, from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Stockholders to have same privileges and advantages as shareholders

52. The holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interest in such stock, and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any holding or part of a holding of stock as would not, if existing in shares, have conferred such privileges or advantages.

53. All such provisions of these Articles as are applicable to paid-up shares shall apply to stock, and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder".

ALTERATIONS OF CAPITAL

Company may alter its capital in certain ways

54. The Company may alter the conditions of its Memorandum of Association by ordinary resolution:-

(a) To consolidate and divide its share capital into shares of larger amount than its existing shares, or

(b) To cancel any shares not taken or agreed to be taken by any person, or

(c) To divide its share capital or any part thereof into shares of smaller amount than is fixed by its Memorandum of Association by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may by the resolution by which such sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares.

and by special resolution-

- (d) To reduce its capital and any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by the Act.

Anything done in pursuance of this Article shall be done in manner provided and subject to any conditions imposed by the Act, so far as they shall be applicable, and, so far as they shall not be applicable, in accordance with the terms of the resolution authorising the same, and, so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.

INCREASE OF CAPITAL

55. The Company in general meeting may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the general meeting resolving upon such increase directs.

Company may increase its capital

56. Unless otherwise determined by the Company in general meeting any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may, in like manner dispose of any such new or original shares as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner hereinbefore provided. Notwithstanding the foregoing and subject to the Act, the Company may apply to any Stock Exchange on which the Company's shares are listed for waiver of convening an extraordinary general meeting to obtain shareholders approval for further issues of shares (other than bonus or rights issue) where the aggregate issues of which in any one financial year do not exceed ten (10%) per cent of the issued capital.

Unissued and new shares to be first offered to members unless otherwise determined

57. Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share capital shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

New shares to be original capital unless otherwise provided

MODIFICATION OF RIGHTS

Modification of Rights

58. If at any time the capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied, modified, commuted, affected, abrogated or dealt with by special resolution passed by the holders of at least three-fourth of the issued shares of the class at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be members holding or representing by proxy at least three-fourth of the issued shares of the class. Provided however that in the event of the necessary majority for such a special resolution not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least three-fourth of the issued shares of the class and such consent if obtained within two months from the date of the separate general meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy.

GENERAL MEETINGS

General meetings

59. A general meeting shall be held once in every calendar year, at such time and place as may be determined by the Directors, but so that not more than fifteen months shall be allowed to elapse between any two such general meetings.

Ordinary and extraordinary meetings

60. The above-mentioned general meetings shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.

Extraordinary meetings

61. The Directors may call an extraordinary general meeting whenever they think fit, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act.

Notice of meetings

62. A meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least. Any other meeting of the Company shall be called by fourteen days' notice in writing at the least. Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if so agreed by all the members entitled to attend and vote at such meeting.

Notice to specify time and business

63. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place the day and the hour of meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement of the general nature of the business and the effect of any proposed resolution in respect of such special business. In addition 14 days' notice shall be given by advertisement in the daily press and in writing to each stock exchange upon which the Company is listed.

Notice of annual general meeting

64. The notice convening an annual general meeting shall specify the meeting as such.

Notice of special resolution

65. The notice convening a meeting to consider a special resolution shall specify the intention to propose the resolution as a special resolution.

66. In every notice calling a meeting there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not also be a member.

Member's right to appoint proxy

67. Notice of every general meeting shall be given in any manner authorised by these Articles to -

To whom given

(a) every member holding shares conferring the right to attend and vote at the meeting who, at the time of convening of the meeting shall have paid all calls or other sums presently payable by him in respect of any such shares in the Company; and

(b) the auditors of the Company.

68. (a) The Company shall by written request made in duplicate in prescribed form, request the Central Depository at least three (3) Market Days prior to and not including the date of the notice of the general meeting, to prepare the Record of Depositors to whom notices of general meetings shall be given by the Company.

Request To Central Depository
for Record of Depositors

(b) The Company shall inform the Central Depository of the dates of general meetings and shall in written request made in duplicate in the prescribed form, request the Central Depository at least three (3) Market Days prior to and not including the date of the general meeting, to prepare the Record of Depositors. The general meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.

69. No other person shall be entitled to receive notices of general meetings. Provided that if the meeting be called for the alteration of the Company's objects, the provisions of the Act regarding notices to debenture holders shall be complied with.

Persons not entitled to notice

70. The accidental omission to give notice of a meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

Omission not to invalidate
proceedings

PROCEEDINGS AT GENERAL MEETINGS

71. All business shall be deemed special that is transacted at an extraordinary general meeting, and all that is transacted at an annual general meeting shall also be deemed special, with the exception of sanctioning a dividend the consideration of the accounts and balance sheets and the reports of the Directors and auditors, and any other documents annexed to the balance sheets, appointing Directors in place of those retiring by rotation or otherwise, the fixing of the Directors remuneration and the appointment and fixing of the remunerations of the auditors.

Special business

72. No business shall be transacted at any general meeting unless a quorum is present in person or by proxy when the meeting proceeds to business. For all purposes the quorum shall be not less than two members personally present and the expression "member" in this Article shall include a person attending as a proxy or representing a corporation which is a member.

No business to be transacted
unless quorum present

If quorum not present meeting
adjourned or dissolved

73. If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, any member present shall be a quorum.

Chairman of Board to preside at
all meetings

74. The Chairman (if any) of the Board of Directors shall preside at every general meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose any member present to be Chairman of the meeting.

Notice of adjournment to be
given

75. The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

How resolution decided

76. At all general meetings, resolutions put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll be demanded in writing by the Chairman or by any person for the time being entitled to vote at the meeting, and unless a poll be so demanded a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

Objections

77. If:
(a) any objection shall be raised to the qualification of any voter; or
(b) any votes have been counted which ought not to have been counted or which might have been rejected; or
(c) any votes are not counted which ought to have been counted.

The objection or error shall not vitiate the decision of the meeting on any resolution unless the same is raised or pointed out at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the Chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the Chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the Chairman on such matters shall be final and conclusive.

78. If a poll be demanded in manner aforesaid, it shall be taken at such time and place, and in such manner as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Poll to be taken as Chairman shall direct

79. No poll shall be demanded on the election of a Chairman of a meeting, or on any question of adjournment.

No poll in certain cases

80. In the case of an equality of votes, either on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a further or casting vote.

Chairman to have casting vote

81. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business, other than the question for which a poll has been demanded.

Business to be continued if poll demanded

VOTES OF MEMBERS

82. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every member present in person or by proxy or represented by attorney shall have one vote on a show of hands and upon a poll every such member shall have one vote for every share held by him. A proxy or attorney need not be a member of the Company.

How votes may be given and who can act as proxy

83. If any member be a lunatic, idiot or non-compos mentis, he may vote by his committee, receiver, curator bonis or other legal curator, and such last mentioned persons may give their votes either personally or by proxy.

Votes of lunatic member

84. If two or more persons are jointly entitled to a share, then in voting upon any question the vote of the senior present at the meeting, whether in person or by proxy or by an attorney shall alone be accepted to the exclusion of the votes of the other registered holders of the shares, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

Votes of joint holders of shares

85. A member shall be entitled to be present and to vote on any question either personally or by proxy at any general meeting or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and of any shares upon which calls due and payable to the Company shall have been paid. No member shall be entitled so to vote or be recognised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.

Only members not indebted to Company in respect of shares entitled to vote

86. (a) A power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer.

Instrument appointing proxy to be in writing

(b) Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

Instrument appointing a proxy
to be left at Company's Office

87. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Office at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

Instrument appointing proxy
to be in writing

88. The instrument appointing a proxy shall be in writing in any form as approved by the Directors under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.

When vote by proxy valid
though authority revoked

89. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation, or transfer as aforesaid has been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the instrument is used.

DIRECTORS

No. of Directors

90. The Company in general meeting may, subject to the provisions of these Articles, from time to time appoint new Directors, and may increase or reduce the number of Directors in office, and may alter their qualifications. All Directors of the Company shall be natural persons and until otherwise determined by a general meeting, the number of Directors shall be not less than three and the maximum number shall be fifteen.

Director's qualification

91. A Director shall not be required to hold any share in the Company but nevertheless shall be entitled to attend and speak at any general meeting of, and at any separate meeting of, the holders of any class of shares in the Company.

Alternate Directors

92. Any Director may from time to time and at any time appoint any person (not disapproved by a majority of the other Directors for the time being) to be an alternate Director, and may at any time remove the alternate Director so appointed by him from office. An alternate Director so appointed shall not be entitled to receive any remuneration from the Company, but shall be entitled (subject to his giving to the Company an address within Malaysia at which notices may be served on him) to receive notices of and attend all meetings of the Directors, and to vote as a Director at any such meeting at which the Director appointing him is not present, and generally in the absence of his appointer to perform all the functions of his appointer as a Director. An alternate Director may be removed from office by resolution of the Board, and shall ipso facto cease to be an alternate Director if his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected by the meeting or is, pursuant to the provisions of these presents, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after such re-election as if he had not so retired. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All appointments and removals of alternate Directors made by any Director in ..

pursuance of the provisions of this Article shall be in writing under the hand of the Director making the same and left at the office.

93. The nomination of an alternate Director shall be valid if made by cable or telegram, provided that such nomination shall be confirmed within three months from the date of such cable or telegram by a written nomination complying with the above mentioned requirements, and any act done by the alternate Director nominated in such cable or telegram between the date thereof and the date of the receipt within the prescribed period by the Company of the written nomination shall be as valid and effectual as if such alternate Director had been duly appointed in the first instance, whether such written nomination shall be received by the Company within the prescribed period or not.

94. The fees of the Directors shall from time to time be determined by the Company in general meeting. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree, or, failing agreement, equally. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. The Directors shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which he may otherwise incur on or about the business of the Company. If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged. Provided that no non-executive Director shall be remunerated by a commission on or percentage of profits or turnover and no Directors (non-executive or executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration upon such terms as they think fit provided that such remuneration shall not include a commission on or percentage of turnover

Directors' Fees

95. The office of a Director shall be vacated:-

- (a) If a receiving order is made against him or he makes any arrangement or composition with his creditors;
- (b) If he becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (c) If he absents himself from the meetings of Directors for a period of six months without special leave of absence from the other Directors and they pass a resolution that he has by reason of such absence vacated his office;

Office of Director vacated in certain cases

(d) If he is removed by a resolution of the Company in general meeting;

(e) If he is prohibited from being a Director by any order made under any provision of the Act;

(f) If by notice in writing given to the Company he resigns his office.

GROUP CHIEF EXECUTIVE OFFICER AND OTHER APPOINTMENTS

Power to appoint Group
Chief Executive Officer
and other appointments

96. The Directors may from time to time appoint one or more of their body to be:-

- (a) the Group Chief Executive Officer,
- (b) the Group Managing Director,
- (c) A Group Executive Director or Group Executive Directors.

Term of office and powers
of Group Chief Executive
Officer and other appointees

97. Any such appointment or appointments shall be for a fixed term not exceeding five (5) years at any one time, with power to the Directors to reappoint thereafter, at such remuneration and upon such terms as the Directors think fit and the Directors may entrust to and confer upon such appointee or appointees any of the power exercisable by them as Directors upon such terms and conditions and with such restriction as they think fit and may from time to time revoke, withdraw or vary all or any of such power.

Remuneration of Group
Chief Executive Officer
and other appointees

98. The remuneration of the Group Chief Executive Officer, Group Managing Director and the Group Executive Director and the Group Executive Directors may be payable by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

Exemption of Group Chief
Executive Officer and other
appointees from retirement by
rotation

99. The Chief Executive Officer or Group Managing Director or Group Executive Director or Group Executive Directors shall not, while he continues to hold such office be subject to retirement by rotation and he shall not be taken into account in determining the rotation or retirement of Directors pursuant to Article 119(a), but he shall subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal from office as the other Directors of the Company and if he shall cease to hold the office of Director he shall ipso facto and immediately cease to be the Group Chief Executive Officer or Group Managing Director or Group Executive Director or Group Executive Directors.

POWERS AND DUTIES OF DIRECTORS

General powers of Company
vested in Directors

100. The management and control of the business and affairs of the Company shall be vested in the Directors who in addition to the powers and authorities by these Articles or otherwise expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by the Act expressly directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and of these Articles and to any regulations not being inconsistent with these Articles from time to time made by the Company in general meeting

provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. Provided further that any sale or disposal by the Directors of the Company's main undertaking shall be subject to ratification by the members in general meeting.

101. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of person, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

Powers of Attorney

102. (a) The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, capital, or any part thereto, and to issue debentures, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company or of its related companies only.

Directors' borrowing power.

- (b) The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for shares in the Company or any class authorised to be issued.

Classification of Securities and terms

- (c) Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage of a charge upon all or any part of the undertaking or property of the Company, both present and future, and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security, and the Directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, or the making, receiving or enforcing of calls upon the members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

Nature of Security

- (d) The Directors may give security for the payment of any money payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

Security for payments due

Continuing Directors may act to fill vacancies or summon meetings

103. The continuing Directors may act at any time notwithstanding any vacancy in their body: Provided Always that in case the number of Directors shall at any time be reduced to less than the minimum number prescribed by or in accordance with these Articles, it shall be lawful for them to act as Directors for the purpose of filling up vacancies in their body, or of summoning a general meeting of the Company, but not for any other purpose.

Directors to comply with the Act

104. The Directors shall duly comply with the provisions of the Act, and particularly the provisions as to registration and keeping copies of mortgages and charges, keeping of the Register, keeping a register of Directors and entering all necessary particulars therein, and sending a copy thereof or a notification of any changes therein to the Registrar of Companies, and sending to such Registrar an annual return, together with the certificates and the particulars required by the Act notices as to increase of capital, returns of allotments and contracts relating thereto, copies of resolutions and agreements, and other particulars connected with the above.

Declaration of Interest.

105. (a) A Director who is in any way, whether directly or indirectly, personally interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Article otherwise provided, a Director shall not vote in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but this Article shall not apply to:-

Restriction on Voting

Quorum

(i) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or

(ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

(iii) any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the shares of the company.

Director may hold office of profit under the Company

(b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise whether by himself, his firm or a company in which he has an interest.

(c) A Director, notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment (or the arrangement of the terms thereof).

Relaxation of restriction on voting

(d) The provisions of this Article may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified by ordinary resolution of the Company.

106. Any Director may continue to be or become a director of, or hold any other office or place of profit under, any other company in which the Company may be interested, and no such Director shall be accountable for any remuneration, salary, commission, participation in profits, pension, superannuation or other benefits received by him as a director of, or holder of any other office or place of profit under, or member of, any such other company. The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as it may think fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them as directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

Director may hold other office

107. All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, in which the Company is in any way concerned or interested, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner and by such person as the Directors shall from time to time by resolution determine.

Execution of negotiable instruments and receipts for money paid

108. The Director may establish and maintain or procure the establishment and maintenance of a non-contributory or contributory pension, provident or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or its predecessors in business or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid and holding or who held any salaried employment or office in the Company or such predecessors or other company and the wives, widows, families and dependents of any such persons, and may take out policies of insurance and pay the premiums reserved thereby for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always, if the Act shall so require, to particulars with respect thereto being disclosed to the members and to the proposal being disclosed to the members and to the proposer being approved by the Company by ordinary resolution, a Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument. A Director may be counted in the quorum present at a meeting upon the

Power to maintain pension fund

consideration of a motion in respect of any matter referred to in this Article and may vote as a Director upon any resolution in respect of any such matter notwithstanding that he is personally interested in such matter but only where such matter is intended to be for the benefit generally of all, or any class or classes, of such employees and servants or former employees or servants (including Directors or other officers) and/or their respective wives, widows, families and dependents.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

109. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Unless otherwise determined, two shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote, provided that there are more than two Directors present competent to vote but not otherwise. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Malaysia.

Director may call meeting

110. A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors.

Chairman of Directors

111. The Directors shall elect a Chairman and may elect one or more Deputy Chairman from their number and the Directors may determine the period for which such officers shall respectively hold office. The Chairman or in the absence of the Chairman the Deputy Chairman (if any) or in the event that there are more than one Deputy Chairman, the senior in appointment amongst them shall preside at the meeting of Directors. If such officers have not been appointed, or if no such officers are present within fifteen minutes after the time appointed for holding of the meeting of the Directors, the Directors present shall choose one of their number to be Chairman of the meeting.

Power for Directors to appoint committees

112. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

Chairman of Committees

113. A committee may elect a Chairman of its meetings. If no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.

Meetings of Committees

114. A committee may meet and adjourn as its members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

All acts done by Directors to be valid

115. All acts bona fide done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director, shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been fully appointed and was qualified to be a Director.

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| <p>116. The Directors shall cause proper minutes to be made of all general meetings of the Company and also of all appointments of officers, and of the proceedings of all meetings of Directors and committees and of the attendance thereat, and of all business transacted at such meeting; and any such minute of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence without any further proof of the facts therein stated.</p> | <p>Minutes to made and when signed by Chairman to be conclusive evidence</p> |
| <p>117. A resolution in writing signed or approved by letter or telegram by all the Directors who may at the time be present in Malaysia or the Republic of Singapore, being not less than are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall be signed by such alternate. All such resolution shall be described as "Directors' Resolutions" and may consist of several documents in the like form each signed by one or more of the Directors and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book following the receipt thereof by him.</p> | <p>Resolution by circulation</p> |
| <p>118. The Secretary shall be appointed by the Directors for such term at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them. The Directors may from time to time, by resolution appoint an assistant or deputy Secretary.</p> | <p>Secretary</p> |
| <p>119. (a) At the annual general meeting in every year one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office. A retiring Director shall be eligible for re-election.</p> | <p>Rotation and retirement of Directors</p> |
| <p>(b) The Directors to retire in every year shall be those who have been longest in office since their appointment or last election but as between persons who become Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by lot.</p> | <p>Which Directors to retire</p> |
| <p>(c) The Company at the meeting at which a Director retires as aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.</p> | <p>Filling of Vacancy</p> |
| <p>(d) No person other than a retiring Director shall unless recommended by the Directors for election be eligible for election to the office of Director at any annual general meeting unless some member intending to propose him has at least eleven clear days before the meeting left at the Office a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such member to propose him. PROVIDED THAT in the case of a person recommended by the Directors for election nine clear days' notice only shall be necessary. Notice of each and every candidature shall at least seven days prior to the meeting at which the election is to take place be served on the members.</p> | <p>Nomination of Director</p> |

Directors' power to fill casual vacancy and make additional appointment

- (e) The Directors shall have power at any time, and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

Seal to be affixed by authority of resolution of Directors and in the presence of one Director and Secretary

120. (a) The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Directors authorising the use of the Seal. The Directors may from time to time (subject to the provisions of Article 13 in relation to certificates) make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, the Seal shall be affixed in the presence of at least one Director and counter-signed by the Secretary or by a second Director or by some other person appointed by the Directors for that purpose who shall sign every instrument to which the Seal is affixed and the Directors may by resolution determine either generally or in any particular case that the signatures of any Director, the Secretary or such other person appointed as aforesaid may be affixed or reproduced by facsimile, autographic or other mechanical means provided that the use of such is restricted to a certificate, instrument of transfer or other document of title in respect of any share, stock, debenture or marketable security created or issued by the Company to be given under the Common Seal of the Company and that the method or system of reproducing signatures has first been approved by the Auditors of the Company.

Powers to have a seal for use abroad and a share seal

- (b) The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors. The Company may have a duplicate Common Seal as referred in Section 101 of the Act which shall be a facsimile of the Common Seal with the addition on its face of the words "Share Seal".

DIVIDENDS AND RESERVE FUND

Application of profits

121. Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time be determined to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively, otherwise than in advance of calls.

Declaration of dividends

122. The Directors may, with the sanction of a general meeting from time to time declare dividends but no such dividend shall be payable except out of the profits of the Company. The Directors may, if they think fit, from time to time declare and pay to the members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time, if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the net profits shall be conclusive.

123. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve fund or reserve funds, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or shall, as to the whole or a part thereof, be applicable for equalising dividends, or for distribution by way of special dividend or bonus, or for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.

Directors may form reserve fund and invest

124. The Directors may establish a reserve to be called either "capital reserve" or "realisation account" and shall either carry to the credit of such reserve from time to time all moneys realised on the sale of any investments held by the Company in excess of the then book price of the same or apply the same in providing for depreciation or contingencies. Such capital reserve or realisation account and all other moneys in the nature of accretion to capital, whether on sale of investments held, or otherwise, shall be treated for all purposes as capital moneys and not as profits available for dividend. Any losses realised on the sale of any investments may be carried to the debit of capital reserve or realisation account except in so far as the Directors shall decide to make good the same out of other funds of the Company.

125. The Directors shall be at liberty to invest any sums carried to any reserve account or accounts upon such investments as they think fit, other than shares of the Company, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company (save as hereinbefore provided) and to divide the ordinary reserve account or accounts into such special accounts as they think fit with full power to employ the assets constituting the ordinary reserve account or accounts in the business of the Company.

126. Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the member entitled thereto, and the receipt by the person whose name at the date of the declaration of the dividend appears on the Register as the owner of any share, or, in the case of joint holders, or any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

Dividend warrants to be sent to members by post

127. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Right to dividend in respect of a transferred share

128. Subject to the Unclaimed Money's Act, 1965 all dividends unclaimed for one year, after having been declared, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

Unclaimed dividends

129. Every dividend shall belong and be paid (subject to the Company's lien) to those members who shall be on the Register at the date fixed for the payment of such dividend, notwithstanding any subsequent transfer or transmission of share.

Register

CAPITALISATION OF RESERVES, ETC.

130. The Company in general meeting may at any time and from time to time pass a resolution that any sum not required for the payment or provision of any fixed preferential dividend, and (A) being any part of the undivided profits in the hands of the Company or (B) for the time being standing to the credit of any reserve fund or reserve account of the Company, including premiums received on the issue of any shares or debentures of the Company, and/or accretion to capital accruing on sale or shown by a valuation or revaluation of any property or assets of the Company, be capitalised, and that such sum be appropriated as capital to and amongst the ordinary shareholders in the proportions in which they would have been entitled thereto if the same had been distributed by way of dividend on the ordinary shares, and in such manner as the resolution may direct, and such resolution shall be effective, and the Directors shall in accordance with such resolution apply such sum in paying up in full any unissued shares or debentures of the Company on behalf of the ordinary shareholders aforesaid, and appropriate such shares or debentures and distribute the same credited as fully paid up to and amongst such shareholders in the proportions aforesaid in satisfaction of the shares and interests of such shareholders in the said capitalised sum or shall apply such sum or any part thereof on behalf of the shareholders aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued ordinary shares held by such shareholders or otherwise deal with such sum as directed by such resolution. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.

ACCOUNTS

Accounts to be kept

131. The Directors shall cause proper accounts to be kept :-

- (a) Of the assets and liabilities of the Company.
- (b) Of all sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place.
- (c) Of all sales and purchases of goods by the Company.

Books to be kept at registered office

The books of account shall be kept at the Office, or at such other place as the Directors shall think fit, and shall always be open to the inspection of the Directors.

132. The Directors shall from time to time determine whether, in any particular case or class of cases, or generally and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members, and no member (not being a Director) shall have any rights of inspecting any account or document of the Company, except as conferred by the Act or authorised by the Directors or by a resolution of the Company in general meeting.

Accounts and Books may be inspected by members

133. The Directors shall at some date not later than 18 months after the incorporation of the Company and subsequently once at least in every calendar year at intervals of not more than fifteen months lay before the Company in annual general meeting a duly audited profit and loss account for the period since the preceding account, or (in the case of the first account) since the incorporation of the Company, made up to a date not more than six months before such meeting. A duly audited balance sheet shall also be made out in every year as at the date to which the profit and loss account is made up, and shall be laid before the Company in annual general meeting. The said account and balance sheet shall be accompanied by such reports and documents and shall contain such particulars as are prescribed by the Act and the Directors shall in their report state the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to any reserve fund. A copy of every profit and loss account and balance sheet including every document required by law to be attached thereto shall be sent to all persons entitled to receive notice of such meeting as required by the Act.

Profit and loss account to be made up and lay before company

AUDIT

134. Once at least in every year the accounts of the Company shall be examined, and the correctness of the profit and loss account and balance sheet ascertained by one or more auditor and auditors, and the provisions of the Act and any modification or re-enactment thereof for the time being in force in regard to audit and auditors shall be observed.

Accounts to be audited

AUTHENTICATION OF DOCUMENTS

135. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager and other officer of the Company having the custody thereof shall deemed to be a person appointed by the Directors as aforesaid.

Power to authenticate documents

136. A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

Certified copies of resolution of the Directors

NOTICES

- | | |
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| Service of Notice | <p>137. (a) A notice may be given by the Company to any Member either by serving it on him personally or by sending it by post to him at his address as shown in the Register of Members or the Record of Depositors or the address (if any) in Malaysia supplied by him to the Company for the giving of notices to him.</p> <p>(b) Where a notice is sent by post, service of the notice will be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected, in the case of a notice of a meeting, on the day after the date of its posting and, in any other case, at the time at which the letter would be delivered in the ordinary course of post.</p> |
| Notice to Joint-Holders | <p>138. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register of Members in respect of the share.</p> |
| Service of Notice After Death Or Bankruptcy of A Member. | <p>139. (a) A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the bankrupt or by any like description, at the address, within Malaysia, if any, supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.</p> |
| Persons bound by Notice | <p>(b) Every person who by operation of law, transfer, transmission or other means whatsoever becomes entitled to any share, shall be bound by every notice which have been duly served to the person from whom he derives the title to such share prior to his name and address being entered in the Register of Members or the Record of Depositors as the registered holder of such share.</p> |
| Persons Entitled to Receive Notice | <p>140. (a) Notice of every general meeting shall be given in any manner hereinbefore authorised to :-</p> <ul style="list-style-type: none"> (i) every member; (ii) every person entitled to a share in consequence of the death or bankruptcy of a Member who but, for his death or bankruptcy, would be entitled to receive notice of the meeting; (iii) the auditor for the time being of the company; and (iv) the exchange. <p>(b) No other person shall be entitled to receive notices of general meetings.</p> |
| When service effected | <p>141. Any notice or other document, if served or sent by post, shall be deemed to have been served or delivered at the time when the letter containing the same is put into the post, and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a pre-paid letter.</p> |

Names, Addresses and Descriptions of Subscribers

TAN SRI ABDUL AZIZ BIN YEOP, P. S. M.,

No. 32, Jalan Dato Abu Bakar,

Section 16, Petaling Jaya,

Selangor

Advocate & Solicitor

FUN SENG BOON

No. 4, Jalan Bukit Menteri Utara,

Petaling Jaya,

Selangor

Company Director

QUAH CHER GEK

No. 91, Jalan Templer,

Petaling Jaya,

Selangor

Company Director

Dated this 11th day of April, 1969.

Witness to the above signatures:

LIM CHEANG KHEOW

Certified Public Accountant (Malaysia),

9th Floor, Kwong Yik Bank Building,

75, Jalan Bandar,

Kuala Lumpur.

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

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

2. MATERIAL LITIGATION

Neither the PCB Group, KUSH Group and PAB are engaged in any material litigations either as plaintiff or defendant and the Directors of PCB, KUSH and PAB are not aware of any proceedings pending or threatened against the PCB Group, KUSH Group and PAB or of any facts likely to give rise to any proceedings which might materially affect the position or business of the PCB Group, KUSH Group and PAB.

3. MATERIAL CONTRACTS

PCB Group, KUSH Group and PAB have not entered into any material contracts, not being contracts entered into in the ordinary course of business, during the two(2) years preceding the date of this Circular except for the following:-

- i) On 4 October 1996, PCB entered into a Sale and Purchase Agreement with Yeo Hock Lim and Tan Hwee Beng for the acquisition of the entire issued and paid-up share capital of Berlian Sakti Sdn Bhd comprising 750,000 ordinary shares of RM1.00 for a total cash consideration of RM20,000,000;
- ii) On 13 December 1996, PCB entered into a Conditional Sale and Purchase Agreement with Sengin and TSP for the acquisition of 74.99% equity interest in KUSH comprising 750,000 ordinary shares of RM1.00 each for a total cash consideration of RM9,900,000.
- iii) On 2 January 1997, PCB entered into several Conditional Sale and Purchase Agreements with See Hoy Chan, The Nanyang Insurance, Paramount Malaysia and FSEC for the acquisition of 34.36% equity interest in PAB comprising 2,804,000 ordinary shares of RM1.00 each for a total cash consideration of RM5,523,412.70; and
- iv) On 2 January 1997, Berkeley, a wholly-owned subsidiary of PCB entered into a Conditional Sale and Purchase Agreement with See Hoy Chan Agencies Sendirian Berhad (6756-X) for the disposal of 47.39% equity interest in FSEC comprising 490,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,065,207.92.

4. SERVICE CONTRACTS AND MANAGEMENT AGREEMENTS

- i) None of the Directors of PCB, KUSH and PAB have any existing or proposed service contracts with their respective companies which is not determinable by notice without the payment of compensation except for the Service Agreement dated 25 February 1997 between Mr Foo Sen Chin and KUSH for the appointment of Mr Foo Sen Chin as the Managing Director of KUSH for the period commencing 1 January 1997 to 31 December 1999.
- ii) No management agreements have been entered into or are proposed to be entered into by PCB Group, KUSH Group and PAB.

5. WRITTEN CONSENT

The written consent of Arab-Malaysian and Messrs. C H Williams, Talhar & Wong Sdn Bhd to the inclusion in this Circular of their names and/or letters and all references thereto in the form and context in which they appear have been given before the issue of the Circular and have not subsequently been withdrawn.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Registered Office of the Company at 39th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on any weekday (except public holidays) from the date hereof up to and including the date of the EGM:-

- i) Memorandum and Articles of PCB, KUSH, and PAB;
- ii) Audited consolidated accounts of PCB for the past three (3) financial years ended 31 December 1996;
- iii) Audited consolidated accounts of KUSH for the past three (3) financial years ended 31 December 1996;
- iv) Audited accounts of PAB for the past three (3) financial years ended 31 December 1996;
- v) Valuation report and letter from Messrs C H Williams Talhar and Wong on the valuation of KUSH property;
- vi) Material contracts referred to in (3) above; and
- vii) Letters of consent referred to in (5) above;

PARAMOUNT CORPORATION BERHAD (8578-A)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Bilik Kuliah, 11th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on 10 June 1997 at 10.30 a.m., for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1 — PROPOSED ACQUISITION OF K.U. SISTEM HOLDINGS SDN BHD (263807-K)

“THAT, subject to the approvals of the relevant authorities, approval be and is hereby given for the Company to acquire 750,000 ordinary shares of RM1.00 each representing 74.99% equity interest in K.U. Sistem Holdings Sdn Bhd (263807-K) for a total cash consideration of RM9,900,000 AND THAT authority be and is hereby given to the Directors of the Company to take such steps as may be required to give effect to and implement the aforesaid acquisition with full powers to assent to any conditions, modifications, variations and/or amendments by the relevant authorities as they may deem fit and expedient AND THAT the Directors be and are further authorised to do all such acts, deeds and things and to execute and sign on behalf of the Company all such documents as may be necessary to give effect to and complete the Sale and Purchase Agreement dated 13 December 1996 in respect of the aforesaid acquisition.”

ORDINARY RESOLUTION 2 — PROPOSED ACQUISITION OF PARAMOUNT ASSURANCE BERHAD (30046-A)

“THAT, subject to the approvals of the relevant authorities, approval be and is hereby given for the Company to acquire an additional 2,804,000 ordinary shares of RM1.00 each representing 34.36% equity interest in Paramount Assurance Berhad (30046-A) for a total cash consideration of RM5,523,412.70 AND THAT authority be and is hereby given to the Directors of the Company to take such steps as may be required to give effect to and implement the aforesaid acquisition with full powers to assent to any conditions, modifications, variations and/or amendments by the relevant authorities as they may deem fit and expedient AND THAT the Directors be and are further authorised to do all such acts, deeds and things and to execute and sign on behalf of the Company all such documents as may be necessary to give effect to and complete the Conditional Sale and Purchase Agreements dated 2 January 1997 in respect of the aforesaid acquisition.”

SPECIAL RESOLUTION 1 — PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

“That the Company’s Articles of Association contained in the document submitted to this meeting, copies of which have been circulated to the shareholders and, for the purpose of indentification subscribed by the Chairman thereof, be approved and adopted as the new Articles of Association of the Company, in substitution for, and to the exclusion of all existing Articles thereof.”

BY ORDER OF THE BOARD

Tay Lee Kong
Secretary
Kuala Lumpur
16 May 1997

Notes:-

A member entitled to attend and vote at the meeting is entitled to appoint another person(s) as his proxy to attend and vote in his stead.

Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.

An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney and in the case of a corporation, shall be either given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

PARAMOUNT CORPORATION BERHAD (8578-A)

(Incorporated in Malaysia)

FORM OF PROXY

I/We
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS IN BLOCK LETTERS)

being a member/members of PARAMOUNT CORPORATION BERHAD hereby appoint

.....
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS IN BLOCK LETTERS)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for my/our behalf at the **EXTRAORDINARY GENERAL MEETING** of the Company to be held at the Bilik Kuliah, 11th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on 10 June 1997 at 10.30 a.m.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this Form is returned without any indications as to how the proxy shall vote, he/she shall vote or abstain as he/she thinks fit.

	For	Against
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
SPECIAL RESOLUTION 1		

Signature of Shareholder(s)

Number of shares held

Signed on this day of, 1997

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) as his proxy to attend and vote in his stead.
2. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
3. An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney and in the case of a corporation, shall be either given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.