

PARAMOUNT CORPORATION BERHAD
(Company No. 8578-A)

Minutes of the **Forty-Sixth Annual General Meeting** of Paramount Corporation Berhad (**Paramount or the Company**) duly held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 10.30 a.m.

DIRECTORS PRESENT

DATO' TEO CHIANG QUAN	(Chairman/Executive Director)
MR JEFFREY CHEW SUN TEONG	(Group Chief Executive Officer/ Executive Director)
DATUK SERI MICHAEL YAM KONG CHOY	(Senior Independent Non-Executive Director)
DATO' MD TAIB BIN ABDUL HAMID	(Independent Non-Executive Director)
DATO' ROHANA TAN SRI MAHMOOD	(Independent Non-Executive Director)
MR QUAH CHEK TIN	(Independent Non-Executive Director)
MR ONG KENG SIEW	(Independent Non-Executive Director)

SHAREHOLDERS PRESENT AS PER THE ATTENDANCE LIST

IN ATTENDANCE

MS TAY LEE KONG	(Secretary)
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BY INVITATION

MS NG YEE YEE	(Audit Partner of Ernst & Young)
MR RYAN WONG HING YEE	(Audit Manager of Ernst & Young)

CHAIRMAN OF THE MEETING

Dato' Teo Chiang Quan, the Chairman of the Board of Directors (**the Board**), took the Chair, and welcomed all directors, shareholders and invitees to the Forty-Sixth Annual General Meeting of the Company (**the AGM or the meeting**).

In his inaugural address to the Company's shareholders, the Chairman proposed and the other members of the Board seconded that a vote of thanks be accorded to Dato' Md Taib bin Abdul Hamid, the former Chairman of the Board, for his exemplary leadership over the past 14 years. He also thanked the Directors for entrusting the Board chairmanship to him since 8 June 2016.

The Chairman further placed on record the Board's appreciation of Dato' Haji Azlan bin Hashim's long service as an Independent Non-Executive Director of the Company until his resignation on 22 December 2015.

He also welcomed Mr Jeffrey Chew, the Group Chief Executive Officer (**Group CEO**) who was present at the meeting for the first time as a Director of the Company.

QUORUM

The Secretary confirmed that the requisite quorum was present for the holding of the AGM. There being a quorum present, the Chairman declared the meeting opened at 10.30 a.m.

PROXIES AND CORPORATE REPRESENTATIVES

The Secretary informed the meeting that 134 proxy forms and five certificates of corporate representatives covering a total of 232,159,934 shares and representing 54.9% of the issued and paid-up share capital of the Company had been received, and a schedule of those appointments was tabled for inspection by the Chairman.

The Chairman inspected the schedule and confirmed that it was in order.

NOTICE OF THE MEETING

The Chairman, with the permission of the meeting, declared that the Notice of the AGM be taken as read.

SHAREHOLDERS' RIGHT TO DEMAND FOR A POLL

The Chairman informed the shareholders of their right to demand for a poll in accordance with Article 76 (1) of the Articles of Association of the Company on all the resolutions proposed in the Notice of the AGM.

The Secretary then read out Article 76 (1) of the Articles of Association of the Company for the attention of the shareholders.

QUESTIONS AND COMMENT FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP

Before proceeding to table the items on the agenda for consideration, the Chairman informed the meeting that the the Minority Shareholder Watchdog Group (**MSWG**) had, in its letter dated 20 May 2016, raised several questions and a comment to be addressed at the AGM. MSWG's questions and comment together with the Company's response thereto were then presented to the shareholders, as follows:

Question 1

Despite the soft property market resulted from weak market sentiment and stringent lending policies, the Property Division managed to achieve encouraging results in both revenue and net earnings for the financial year ended 31 December 2015 (**FY2015**).

- a) What was the unbilled sales carried forward from FY2015?
- b) What is the expected total sales value for FY2016?
- c) What would be the expected total gross development value (**GDV**) for the projects scheduled to be launched in the financial year ending 31 December 2016 (**FY2016**) and does the Board foresee any factors that may render a delay in these launches?

Paramount's Response

- a) The unbilled sales carried forward from FY2015 was RM367.0 million.
- b) The expected total sales value for FY2016 is approximately RM430.0 million, which is about the previous year's level. The breakdown of the projected sales is as follows:

Developments (RM'million)	Commercial	Landed Residential	Mix Integrated/ Condominium
Northern			
Bandar Laguna Merbok	12		
Bukit Banyan		68	
Central			
Sejati Residences		93	
Utropolis			33
Sekitar26 Business	36		
Greenwoods – Phase 1		38	
Greenwoods – Phase 2	20		
New Developments			
Sekitar26 Enterprise	60		
Batu Kawan	70		
Total	198	199	33
Grand Total	RM430.0 million		

- c) The GDV of the scheduled launches for FY2016 is approximately RM770.0 million. The breakdown of the launches is as follows:

Developments (RM'million)	Commercial	Landed Residential	Mix Integrated / Condominium
Northern			
Bandar Laguna Merbok	9		
Bukit Banyan		123	
Central			
Sejati Residences		107	
Utropolis			272
Greenwoods	38		
New Developments			
Sekitar26 Enterprise	116		
Batu Kawan	105		
Total	268	230	272
Grand Total	RM770.0 million		

Other than the timely receipt of approval from relevant authorities, the Board does not foresee any factors that may render these launches to be delayed given the breadth of products at different price points and locations to suit the needs of different investors. This will mitigate the risks of dependence on any one product in the event of a further dampening of the property market.

Question 2

In June 2011, the Group entered into a 50-50 joint venture with an Australian company to acquire 54.2 acres of land in Victoria, Australia, for future development.

- a) What was the total amount invested in this joint venture as at 31 December 2015?
- b) What is the development plan and the timeline for this project?
- c) Would this project lead the Company to further expansion in other countries?

Paramount's Response

- a) The total amount invested in this joint venture as at 31 December 2015 was AUD3.4 million equivalent to RM10.9 million, being 50% share of the initial cost of acquisition of the land at AUD3.18 million and the balance being ancillary costs such as Growth Area Infrastructure Contribution paid to local authorities and statutory and administration costs. Based on a valuation of the land conducted by Herron Todd White (Melbourne) Pty Ltd on 23 April 2015, the 54.2-acre land is valued at AUD7.15 million.
- b) The plan is for a residential development but we are at this stage unable to provide a timeline as the land has yet to be rezoned as urban land for development.
- c) We currently do not have any plans to expand into other countries but that does not mean we will not explore the viability should an opportunity arise.

Question 3

The Interest Cover and the Gross Gearing Ratio for FY2015 had deteriorated to 19 times and 50% respectively from 315 times and 40% for the financial year ended 31 December 2014 (**FY2014**).

Would there be any further borrowings for funding of the future projects, in particular the university metropolis development in Batu Kawan and what is the optimum gearing ratio for the Group?

Paramount's Response

Yes, further borrowings will be required to fund the development of the Batu Kawan university metropolis development. We have applied to banks for two additional loans – RM160.0 million for the development of the new KDU Penang University College campus and a RM144.0 million bridging loan for the integrated development. These loans will, however, be drawn down over the construction period of three years in the former, and over the entire duration of the integrated development of 10 years in the latter.

In spite of these additional loans, the Group will maintain an optimum gearing ratio of 50%, as there will be repayments of existing borrowings over the same period through funds generated from sales.

Comment

Recommendation 3.3 of the Malaysian Code on Corporate Governance (**MCCG**) 2012 required the Board to justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years. We noted that Dato' Md Taib bin Abdul Hamid and Mr Quah Chek Tin have served the Board for more than nine years and there were no resolutions tabled for shareholders' approval to retain them as Independent Directors. We hope the Board would address the issue in future.

Paramount's Response

As stated in our Corporate Governance Statement, limiting the tenure of Independent Non-Executive Directors (**INED**) to nine years or re-designating INED's who have served for more than

nine years as Non-Independent Directors was one of the four principles and recommendations of the MCCG 2012 that was not adopted by the Board.

The Board has taken note of and will review MSWG's recommendation to table resolutions to seek shareholders' approval to retain directors who have served more than nine years as Independent Directors.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Chairman tabled the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon (**the Financial Statements**) and, with the permission of the meeting, declared that the Financial Statements be taken as read.

The Chairman informed the meeting that the Financial Statements were laid before the meeting for discussion only, as pursuant to Section 169(1) of the Companies Act, 1965, the Financial Statements do not require the formal approval of shareholders. Hence, the Financial Statements would not be put forward for voting. The Chairman further informed the meeting that the auditors, Ernst & Young, have issued the Company with an unqualified report on the Financial Statements.

To facilitate discussion on the Financial Statements, Mr Jeffrey Chew, the Group CEO/Executive Director, took the meeting through a power-point presentation of the Group's financial performance for FY2015 compared with that of the preceding year and the key contributors to the performance; the financial position of the Group as at 31 December 2015 compared with the preceding year-end; the dividend payment history and shareholder return over the past five years; an update on the Group's property development and education business activities during the year; and the Group's plans for FY2016.

Upon conclusion of the presentation, the shareholders raised several queries on the financial performance, which were all addressed by the Group CEO and the Chairman, to the satisfaction of the shareholders.

There being no further queries from the floor, the Chairman, with the permission of the meeting, announced that the Financial Statements be taken as duly received by the shareholders of the Company at the AGM.

FINAL DIVIDEND

The Chairman informed the meeting that the Board had recommended the payment of a single-tier final dividend of 5.75 sen per share in respect of FY2015 which, if approved by the shareholders, would be paid on 15 June 2016.

Ms Seow Ai Ling @ Irene Seow proposed that the single tier final dividend of 5.75 sen per share in respect of the year ended 31 December 2015 be approved.

Mr Lim Bin Hoe seconded the motion, which was put to the floor for voting and declared as carried by the Chairman.

DIRECTORS' FEES

The Chairman further informed the meeting that a total sum of RM597,547.95 had been recommended for payment as Directors' fees for FY2015, which amount was calculated based on the same rates of Directors' fees that were paid for the preceding financial year.

Mr Lim Bin Hoe proposed that the Directors' fees of RM597,547.95 for the year ended 31 December 2015 be approved for payment.

Mr Sing Kam Weng seconded the motion, which was put to the floor for voting and declared as carried by the Chairman.

It is hereby recorded that all Directors who were shareholders of the Company had abstained from voting on the said resolution.

RE-ELECTION OF MR ONG KENG SIEW PURSUANT TO ARTICLE 119 (a) OF THE COMPANY'S ARTICLES OF ASSOCIATION

Before proceeding to table item four on the agenda for consideration, the Chairman informed the shareholders that the Board had, through the Nominating Committee, conducted a rigorous assessment of the eligibility of all Directors who were standing for re-election at the AGM.

The Chairman then proceeded to inform the meeting that Mr Ong Keng Siew, being subject to retirement by rotation, had offered himself for re-election. He added that Mr Ong had fulfilled all the eligibility criteria set by the Nominating Committee for the re-election of Directors.

Mr Yong Chee Seng proposed that Mr Ong Keng Siew, a Director retiring by rotation pursuant to Article 119 (a) of the Company's Articles of Association, be re-elected to the Board.

Ms Ooi Wan Leng seconded the motion, which was put to the floor for voting and declared as carried by the Chairman.

It is hereby recorded that Mr Ong Keng Siew, being a shareholder of the Company, had abstained from voting on the said resolution.

RE-ELECTION OF MR QUAH CHEK TIN PURSUANT TO ARTICLE 119 (e) OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman further informed the meeting that Mr Quah Chek Tin, being subject to retirement by rotation had, likewise, offered himself for re-election. He added that Mr Quah had fulfilled all the eligibility criteria set by the Nominating Committee for the re-election of Directors.

The Chairman added that although Mr Quah has served on the Board as an INED for nine years, the Board was satisfied that Mr Quah's length of service did not in any way interfere with his exercise of duty as an Independent Director.

Mr Beh Chun Chong proposed that Mr Quah Chek Tin, a Director retiring by rotation pursuant to Article 119 (e) of the Company's Articles of Association, be re-elected to the Board.

Dato' Liew Yin Chew seconded the motion, which was put to the meeting for voting and declared as carried by the Chairman.

It is hereby recorded that the corporate representative of MSWG had voted against the said resolution.

RE-ELECTION OF MR JEFFREY CHEW SUN TEONG PURSUANT TO ARTICLE 119 (e) OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman then informed the meeting that Mr Jeffrey Chew, who was appointed as a Director of the Company on 8 June 2015, was subject to retirement at the AGM, being the AGM immediately after Mr Chew's appointment to the Board. He added that Mr Chew had offered himself for re-election, and the Board was satisfied that Mr Chew had fulfilled all the criteria set by the Nominating Committee for the re-election of Directors.

The Chairman proposed that Mr Jeffrey Chew Sun Teong be re-elected as a Director of the Company.

Mr Wang Chong Hwa seconded the motion, which was put to the meeting for voting and declared as carried by the Chairman.

It is hereby recorded that Mr Jeffrey Chew Sun Teong, being a shareholder of the Company, had abstained from voting on the said resolution.

RE-APPOINTMENT OF DATO' MD TAIB BIN ABDUL HAMID PURSUANT TO SECTION 129 (6) OF THE COMPANIES ACT, 1965

In proposing the motion to re-appoint Dato' Md Taib bin Abdul Hamid to the Board pursuant to Section 129 (6) of the Companies Act, 1965, the Chairman informed the meeting that the Board had, through the Nominating Committee, conducted an assessment of the independence of Dato' Md Taib as well as all INED's of the Company. He added that although Dato' Md Taib has served on the Board as an INED for more than nine years, the Board was satisfied that Dato' Md Taib 's length of service did not in any way interfere with his exercise of duty as an Independent Director.

Mr Leo Aun Pua seconded the motion.

Before the motion was put to the floor for voting, Ms Rita Benoy Bushon, the corporate representative of MSWG, highlighted that MSWG maintains its stance that the long association of an INED with the Board for more than nine years could impair the independence of the INED. She also advised the Board to consider redesignating all INED's who have served the Board for more than nine years as Non-Independent Directors, which advice was noted by the Directors.

The motion was then put to the floor for voting and declared as carried by the Chairman.

It is hereby recorded that Dato' Md Taib bin Abdul Hamid, being a shareholder of the Company, had abstained from voting on the said resolution, and the corporate representative of MSWG had voted against the resolution.

RE-APPOINTMENT OF AUDITORS

The Chairman informed the meeting that the retiring auditors, Ernst & Young (EY) had indicated their willingness to accept re-appointment as auditors of the Company. He added that a rigorous assessment was conducted by the Audit Committee on the suitability and independence of EY to act as the Company's auditors. The Chairman further informed the meeting that the Board was

satisfied with the outcome of the assessment, and had recommended the re-appointment EY as auditors of the Company for the ensuing year.

Ms Koh Wan Theng proposed that Ernst & Young be re-appointed as auditors of the Company for the ensuing year, and that the Directors be authorised to fix their remuneration.

Ms Tham Juin Huey seconded the motion, which was put to the meeting for voting and declared as carried by the Chairman.

SPECIAL BUSINESS

APPOINTMENT OF TAN SRI JAMES FOONG CHENG YUEN AS A DIRECTOR OF THE COMPANY PURSUANT TO SECTION 129 (6) OF THE COMPANIES ACT, 1965

The Chairman informed the meeting that as stated in the Notice of the AGM, Section 129 (6) of the Companies Act, 1965 requires the approval of shareholders for the appointment of any director aged 70 and above. He further informed the shareholders that the Board had nominated Tan Sri James Foong Cheng Yuen, aged 70, as an additional INED of the Company.

The Chairman then introduced Tan Sri James Foong, who attended the meeting as a proxy holder. He added that the nomination was in line with the Board's objective of broadening the mix of skills in the Board, and the Nominating Committee had considered Tan Sri James Foong Cheng Yuen, who had dedicated a major part of his legal career in the Malaysian Judiciary, suitable for the role as an INED of the Company.

Ms Leong Tuck Mun proposed that Tan Sri James Foong Cheng Yuen be appointed as a Director of the Company in accordance with Section 129 (6) of the Companies Act, 1965.

Mr Eugene Yeoh Oon Hock seconded the motion, which was put to the meeting for voting and declared as carried by the Chairman.

AUTHORITY TO DIRECTORS TO ISSUE SHARES

The Chairman then proceeded to table Resolution 9 for consideration. He informed the meeting that, if passed, Resolution 9 would empower the Directors to issue new ordinary shares up to 10% of the issued share capital of the Company for such purposes as the Directors deem fit. He added that this authority would, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting.

Ms Leong Tuck Mun proposed that subject to the Companies Act, 1965, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other governmental or regulatory bodies, where such approval is necessary, full authority be given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company.

Mr Eugene Yeoh Oon Hock seconded the motion, which was put to the meeting for voting and declared as carried by the Chairman.

CLOSE OF MEETING

There being no other business transacted, the Chairman declared the meeting closed at 11.30 a.m.

A vote of thanks to the Chair was proposed by Ms Tay Lee Kong and seconded by Ms Ng Wai Peng.

CONFIRMED AS A CORRECT RECORD

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CHAIRMAN
Date: