

**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 advisers immediately.

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(Company No. 8578-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN FOR  
ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF PARAMOUNT  
CORPORATION BERHAD AND ITS SUBSIDIARIES**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*



*Scheme Adviser*



The Notice of Extraordinary General Meeting ("EGM") and the Form of Proxy of Paramount Corporation Berhad ("Paramount") are set out in this Circular. The EGM will be held as follows:

Date and time of the EGM : Wednesday, 17 April 2013 at 10.30 a.m., or at any adjournment  
Venue of the EGM : Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan  
Last date and time for lodging the Form of Proxy : Monday, 15 April 2013 at 10.30 a.m.

If you are unable to attend and vote at the EGM, you may appoint a proxy to attend and vote on your behalf. If you wish to do so, you must deposit the Form of Proxy at the registered office of Paramount at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan by Monday, 15 April 2013 at 10.30 a.m., or in the event the EGM is adjourned, not less than 48 hours before the adjourned EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

This Circular is dated 29 March 2013

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## DEFINITIONS

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"Act"	: Companies Act, 1965
"Award(s)"	: The RS Award and PS Award collectively while the singular shall mean any one of them
"Award Date"	: The date on which an Award is granted
"Board"	: Board of directors of Paramount
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"By-Laws"	: The by-laws governing the Proposed LTIP as set out in Appendix I of this Circular
"CDS"	: Central Depository System
"CDS Account"	: The account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
"Circular"	: This Circular to the shareholders of Paramount dated 29 March 2013 in relation to the Proposed LTIP
"CMSA"	: Capital Markets and Services Act, 2007
"CSY"	: Chan Say Yeong
"Director(s)"	: A natural person who holds a directorship in the Paramount Group
"DTCQ"	: Dato' Teo Chiang Quan
"Effective Date"	: The date on which the Proposed LTIP takes effect which shall be upon full compliance with the relevant requirements under the By-Laws and Listing Requirements
"EGM"	: Extraordinary general meeting
"Eligible Person(s)"	: Employees and Executive Directors of the Paramount Group who meet the criteria of eligibility for participation in the Proposed LTIP as set out in Section 2.1.1 of this Circular
"Employee(s)"	: Any person who is employed by any corporation within the Group
"Executive Director(s)"	: A natural person who is a director of the Paramount Group in a full-time executive capacity who is involved in the day to day management of the Group
"EPS"	: Earnings per share
"FRS"	: Financial Reporting Standards
"FYE"	: Financial year ended/ending
"HLBB"	: Hong Leong Bank Berhad (97141-X)

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**DEFINITIONS (Cont'd)**

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"HLIB"	:	Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) (10209-W)
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	1 March 2013, being the latest practicable date prior to the printing of this circular
"LTIP" or "Scheme"	:	Long term incentive plan
"LTIP Committee"	:	A committee comprising such persons as may be appointed and duly authorised by the Board to implement and administer the Proposed LTIP in accordance with the By-Laws
"LTIP Conditions"	:	Conditions of selection and/or the performance targets and/or other conditions as may be determined from time to time by the LTIP Committee
"LTIP Share(s)"	:	Fully paid Paramount Shares granted to Selected Employees pursuant to the Proposed LTIP
"NA"	:	Net assets
"Paramount" or "Company"	:	Paramount Corporation Berhad (8578-A)
"Paramount Group" or "Group"	:	Paramount and its Subsidiaries, collectively
"Paramount Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.50 each in Paramount
"Participant(s)"	:	Selected Employee(s) who have accepted the Award(s) granted in accordance with the provisions of the By-Laws
"Persons Connected"	:	Has the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
"Plan Period"	:	Duration of the Proposed LTIP as set out in Section 2.1.5 of this Circular
"Proposed LTIP Awards"	:	The LTIP Awards proposed to be granted to Paramount's Executive Director or major shareholder or chief executive and Persons Connected with such director or major shareholder and a Proposed LTIP Award shall mean the LTIP Award to any one of them
"Proposed LTIP" or "Plan"	:	Proposed establishment of a LTIP of up to 10% of the issued and paid-up share capital of Paramount at any time during the Plan Period for the Selected Employees
"PS Award"	:	Performance-based share incentive plan
"PS Vesting Conditions"	:	The conditions to be determined by the LTIP Committee and stipulated in the PS Award which must be fulfilled for the LTIP Shares to be vested in a Senior Participant
"PS Vesting Date"	:	The third anniversary of the Award Date or any such duration to be determined by the LTIP Committee on which all or some of the LTIP Shares are vested pursuant to the Proposed PS Award
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RS Award"	:	Restricted share incentive plan

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**DEFINITIONS (Cont'd)**

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- "Selected Employee(s)" : Eligible Person(s) selected by the LTIP Committee to whom an Award is made pursuant to the By-Laws
- "Senior Participant(s)" : Executive Directors and selected senior management of the Paramount Group or such rank or position as may be designated by the LTIP Committee from time to time
- "Subsidiary(ies)" : A subsidiary (as defined in the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Plan Period unless determined by the LTIP Committee to fall outside the expression of "Subsidiary" pursuant to the By-Laws
- "Unvested Shares" : Means LTIP Shares which have been granted pursuant to the Award but which have not been vested in the Participant at the relevant time stipulated in the Award.
- "VWAMP" : Volume weighted average market price

All references to "you" in this Circular are to the shareholders of the Company, unless the context otherwise requires.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Circular is a reference to that enactment as amended or re-enacted from time to time.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Any reference in time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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# PARAMOUNT<sup>®</sup>

CORPORATION BERHAD  
(8578-A)

(Company No. 8578-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

Level 8, Uptown 1  
1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

29 March 2013

**Board of Directors:**

Dato' Md Taib bin Abdul Hamid (*Chairman/Independent Non-Executive Director*)  
Dato' Teo Chiang Quan (*Executive Deputy Chairman*)  
Dato' Haji Azlan bin Hashim (*Senior Independent Non-Executive Director*)  
Ong Keng Siew (*Non-Independent Non-Executive Director*)  
Geh Cheng Hooi (*Independent Non-Executive Director*)  
Dato' Rohana Tan Sri Mahmood (*Independent Non-Executive Director*)  
Quah Chek Tin (*Independent Non-Executive Director*)  
Datuk Seri Michael Yam Kong Choy (*Independent Non-Executive Director*)

**To: The Shareholders of Paramount**

Dear Sir/Madam,

**PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN FOR ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF PARAMOUNT CORPORATION BERHAD AND ITS SUBSIDIARIES**

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**1. INTRODUCTION**

On 17 January 2013, HLIB had, on behalf of the Board, announced that Paramount had proposed to establish a long term incentive plan of up to 10% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the Proposed LTIP for the Eligible Persons.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED LTIP AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS IN CONNECTION WITH THE PROPOSED LTIP AND PROPOSED LTIP AWARD TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED LTIP AND PROPOSED LTIP AWARD TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.**

## 2. DETAILS OF THE PROPOSED LTIP

The Proposed LTIP is intended to allow the Company to award LTIP Shares to Selected Employees for the attainment of identified performance objectives of the Paramount Group. The Proposed LTIP serves to attract, retain, motivate and reward valuable Selected Employees of the Group.

Upon acceptance of the Award, the Participants are granted LTIP Shares on a vesting date, without any cash consideration payable by the Participants, subject to such Participants' fulfilment of certain vesting conditions as may be determined by the LTIP Committee from time to time. These vesting conditions may include, but are not limited to, the achievement of individual key performance indicators in accordance with the performance management systems adopted by the Group and the meeting of performance targets comprising a combination of market and non-market metrics, such as revenue growth, earnings per share, return on assets or equity and total shareholder returns, which are aligned to shareholders' interest.

A Participant shall be entitled to participate in the Proposed LTIP subject to the terms and conditions stipulated in the By-Laws.

The Proposed LTIP shall comprise the following:

### (i) RS Award

The RS Award is a share incentive plan for Eligible Persons holding such rank or position as may be designated by the LTIP Committee from time to time. The RS Award entails the award of LTIP Shares which will be vested in the Participants over a duration during the Plan Period as may be determined by the LTIP Committee. The actual number of the LTIP Shares to be awarded to a Participant as at the Award Date will be in accordance with the terms and conditions stipulated and determined by the LTIP Committee from time to time.

The LTIP Shares will be awarded to the Selected Employees based on meeting or achieving the performance targets set by the LTIP Committee from time to time. No performance targets need to be met or achieved by a Participant after the granting of the RS Award and prior to the vesting of the LTIP Shares as the number of shares to be awarded has been determined on the Award Date.

### (ii) PS Award

The PS Award is a performance share plan for Senior Participants. The LTIP Committee may in addition to the RS Award, grant LTIP Shares to the Senior Participants under the PS Award during the Plan Period. The PS Award shall be subject to the PS Vesting Conditions, being the performance targets under the PS Award, which the LTIP Committee may at its discretion, stipulate from time to time.

The PS Award shall entail the award of LTIP Shares which may be vested in Selected Employees on the PS Vesting Date. The vesting of the actual number of LTIP Shares in a Participant at the PS Vesting Date shall be conditional upon the Participant achieving the conditions to be determined by the LTIP Committee, which shall include, amongst others, shareholder value creation and the long term financial performance of the Paramount Group. The vesting of LTIP Shares in the Participants shall be conditional upon the PS Vesting Conditions being fulfilled on the PS Vesting Date.

## 2.1 Other salient terms and conditions of the Proposed LTIP

### 2.1.1 Eligibility

An Employee or an Executive Director of the Paramount Group, who fulfills the following criteria as at any Award Date shall be eligible for consideration and/or selection as a Participant at the discretion of the LTIP Committee:

- (i) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

- (ii) has entered into a full-time or fixed-term contract of employment with, and is on the payroll of a company within the Paramount Group and has not served a notice of resignation or received a notice of termination;
- (iii) whose service or employment has been confirmed in writing;
- (iv) is not a non-executive or independent director of Paramount; and
- (v) has fulfilled any other eligibility criteria as may be determined by the LTIP Committee at its discretion from time to time.

Notwithstanding the above, the LTIP Committee may, in its discretion, determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in this Section 2.1.1.

Subject to the By-Laws and any applicable law, the LTIP Committee will have the discretion, at any time, to extend the benefit of the Proposed LTIP to any Employee who is seconded to a corporation which is not within the Paramount Group but is a corporation associated with the Group or a subsidiary of a corporation associated with the Group.

Where the Eligible Person is also an Executive Director of Paramount, a major shareholder or chief executive of the Company or a Person Connected with an Executive Director, a major shareholder or chief executive of the Company, the specific allocation of the Award(s) to be granted by the Company and the related granting of LTIP Shares pursuant to the Award(s) to such person shall have been first approved by the shareholders of the Company at a general meeting.

#### **2.1.2 Maximum number of LTIP Shares available under the Proposed LTIP**

Subject to Section 2.1.3 below, the maximum number of LTIP Shares which may be made available under the Proposed LTIP and/or allotted and issued and/or acquired and/or transferred upon the vesting of LTIP Shares, will not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time when the Award is made during the Plan Period.

#### **2.1.3 Maximum allowable allotment and basis of allocation**

The total number of LTIP Shares comprised in the Award at any time shall be at the discretion of the LTIP Committee, after taking into account such criteria as may be determined by the LTIP Committee in its discretion subject to the following:

- (i) that the total number of LTIP Shares made available under the Proposed LTIP will not exceed the amount stipulated in Section 2.1.2; and
- (ii) that the allocation made to any individual Selected Employee who, either singly or collectively through Persons Connected with him, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), will not exceed 10% of the total number of LTIP Shares at the point when the Award is made.

The Eligible Persons shall not participate in any voting, deliberation or discussion on the Award of vesting of LTIP Shares to them under the Proposed LTIP.

The LTIP Committee will have the discretion in determining whether the LTIP Shares available for vesting under this Proposed LTIP are to be awarded via one single Award or several Awards where the vesting of LTIP Shares comprised in those Awards is staggered or made in several tranches at such times and on terms determined by the LTIP Committee.

#### **2.1.4 Grant of Awards**

The LTIP Committee may, at its discretion, grant the Awards to Selected Employees after taking into consideration including but not limited to, the Selected Employee's position, job performance, contribution, duration of service and potential for future development and make one or more Award to any Selected Employee during the duration of the Proposed LTIP.



An Award will be made in any manner as the LTIP Committee shall determine and may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Each Award made to any Selected Employee will be separate and independent from any previous or later Award made by the LTIP Committee to that Selected Employee.

For the avoidance of doubt, the LTIP Shares to be issued to the Participants will not require any payment (save and except for the non-refundable payment of RM1.00 as a consideration for acceptance of the Award) by the Participants to the Company. However, the Participants will be liable to all other costs, fees, levies, charges and/or taxes (including without limitation, income taxes), arising from the grant of the Awards and the vesting of the LTIP Shares, and any holding or dealing of such LTIP Shares. All administrative costs and expenses relating to the allotment and issuance of the LTIP Shares will be borne by the Company.

#### **2.1.5 Duration of the Proposed LTIP**

The duration for the Proposed LTIP shall be in force for a period of 7 years commencing from the Effective Date. Upon the expiry of the Plan Period, all Unvested Shares comprised in any Award will cease to be capable of vesting.

On or before the expiry of the Plan Period, the Proposed LTIP may be extended by the Board at its discretion, without having to obtain the approval of the Company's shareholders, for up to another 3 years immediately from the expiry of the first 7 years, but will not in aggregate exceed 10 years from the Effective Date.

The Company may terminate the Proposed LTIP at any time and will make the necessary announcements to Bursa Securities.

#### **2.1.6 Ranking of and Rights to the LTIP Shares**

The LTIP Shares to be allotted and issued will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Paramount Shares in issue and will be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to Paramount's shareholders, provided that the relevant allotment date of such LTIP Shares is before the entitlement date for any right, allotment or distribution.

For the avoidance of doubt, the Participant will not be entitled to any dividends, rights, allotments and/or other distributions:

- (i) attached to Paramount Shares prior to the date on which the LTIP Shares are credited into the Participants' respective CDS Accounts; or
- (ii) which may be declared, made or paid to shareholders of Paramount, for which the entitlement date is prior to the date on which the LTIP Shares are credited into the Participants' respective CDS Accounts.

#### **2.1.7 Adjustment events**

If the LTIP Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the Plan Period, whether by way of a capitalisation of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, subdivision or consolidation of capital, declaration of any special dividend or distribution or otherwise such corresponding alterations (if any) may be made to the Proposed LTIP in:

- (i) the number of Unvested Shares comprised in an Award; and/or
- (ii) the method and/or manner in the vesting of the LTIP Shares comprised in an Award,

and such alterations shall be in a manner as to give the Participant a fair and reasonable Award entitlement.

Any adjustments decided to be made by the LTIP Committee (other than for adjustments made pursuant to a bonus issue) must be certified in writing by external auditors or advisers (acting only as experts and not as arbitrators).

### **2.1.8 Modifications and/or Amendments**

The terms and conditions of the By-Laws and this Proposed LTIP may be modified, altered, amended and/or deleted at any time and from time to time by a resolution of the Board without the prior approval of the shareholders in a general meeting, provided that no such modification, amendment, alteration and/or deletion shall be made to the advantage of the Selected Employees or Participants in relation to By-Laws 2, 3.1, 4.1, 5.3, 5.4, 6.1, 7.1, 10.4, 12.1, 15.1 and 16.1 stipulated therein and such other matters as required by the Listing Requirements or such other relevant rules and regulations in force at the material time.

## **2.2 Proposed LTIP Awards**

Subject to the provisions of the By-Laws, the Company is proposing to award the following:

- (i) up to 10% of the aggregate LTIP Shares issued over the Plan Period to DTCQ, the Executive Deputy Chairman of the Company; and
- (ii) up to 15% of the aggregate LTIP Shares issued over the Plan Period to CSY, the Chief Executive Officer of Paramount.

The Proposed LTIP Awards are subject to the following:

- (i) the approval of the shareholders of Paramount for the Proposed LTIP as well as the Proposed LTIP Awards to DTCQ and CSY under the Proposed LTIP at the EGM; and
- (ii) the implementation of the Proposed LTIP.

## **2.3 Utilisation of proceeds**

No proceeds will be raised from the Proposed LTIP as the LTIP Shares to be issued to the Participants would not require any payment by the Participants.

The estimated expenses associated with the implementation and administration of the Proposed LTIP (excluding FRS 2 charges as explained in Section 4.4 of this Circular and out of pocket expenses) is approximately RM0.4 million, which will be paid by the Company through internally-generated funds.

## **3. RATIONALE FOR THE PROPOSED LTIP**

The Proposed LTIP is a share incentive scheme to retain and reward Selected Employees who have contributed and/or will contribute to the growth of the Paramount Group. The Company believes that the Proposed LTIP is flexible and effective in achieving the following objectives:

- (i) to reward Selected Employees based on their work performance and Paramount's future share performance, with the former serving to align their interests to drive longer term shareholder value enhancement;
- (ii) retain key Employees and Executive Directors whose contributions are vital to the operations, long-term growth and profitability of the Paramount Group;
- (iii) attract potential employees with relevant skills and experience to join and contribute to the Paramount Group via more competitive compensation packages; and
- (iv) motivate each Employee to optimise his performance standards and efficiency and to maintain a high level of contribution through greater dedication and commitment to the Paramount Group.

#### 4. EFFECTS OF THE PROPOSED LTIP

##### 4.1 Share Capital

The Proposed LTIP is not expected to have any immediate effect on the issued and paid-up share capital of the Company. The issued and paid-up share capital of the Company may increase progressively depending on when new Paramount Shares are allotted and issued to satisfy the Awards. The maximum number of LTIP Shares shall not at any point in time exceed 10% of the issued and paid-up ordinary shares of the Company (excluding treasury shares, if any) during the Plan Period.

For illustrative purposes only, assuming that the LTIP Shares are fully granted and vested under the Proposed LTIP at LPD by the issuance of new Paramount Shares for delivery to the Participants, the effect of the Proposed LTIP on the issued and paid-up ordinary shares of the Company is as follows:

	Par value RM	No. of Paramount Shares	RM'000
Issued and paid-up share capital as at LPD	0.50	337,811,456	168,905,728
Upon full grant and vesting of LTIP Shares at LPD	0.50	33,781,145	16,890,572
<b>Enlarged issued and paid-up share capital</b>	<b>0.50</b>	<b>371,592,601</b>	<b>185,796,300</b>

##### 4.2 NA per share and gearing

The Proposed LTIP will not have an immediate effect on the NA of the Paramount Group. The NA per share and gearing of the Paramount Group will not be affected until such time as the new Paramount Shares are issued in connection with the vesting of the LTIP Shares. Any potential effect on the NA per share and the gearing of the Paramount Group will depend on the number of LTIP Shares vested which can only be determined at the point of vesting.

##### 4.3 Substantial shareholders' shareholdings

The Proposed LTIP is not expected to have any immediate effect on the substantial shareholders' shareholdings of the Company until and unless new Paramount Shares are issued pursuant to the Awards. Any potential effect on the Paramount's substantial shareholders' shareholdings will depend on the number of new Paramount Shares to be issued pursuant to the Awards for delivery to the Participants at the relevant point in time.

##### 4.4 Earnings and EPS

The Proposed LTIP is not expected to have any immediate effect on the earnings of the Paramount Group. According to the Financial Reporting Standard 2 on Share-Based Payment ("FRS 2") as issued by the Malaysian Accounting Standards Board, the potential cost of awarding the Awards under the Proposed LTIP will need to be measured at fair value on the date of granting the respective Awards and recognised as an expense in the income statement of the Paramount Group over the vesting period of such Awards.

The potential effect of the Proposed LTIP on the EPS of the Paramount Group in the future, as a consequence of the recognition of the expense at each date of the grant of Award, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the LTIP Shares granted under the Proposed LTIP.

The Board has taken note of the potential impact of FRS 2 on the Paramount Group's earnings and will take into consideration the earnings impact on the Paramount Group in the vesting of the LTIP Shares pursuant to the Proposed LTIP.

#### 4.5 Convertible Securities

As at the LPD, Paramount does not have any existing convertible securities.

#### 5. APPROVALS REQUIRED

The Proposed LTIP is subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing of and quotation for such new Paramount Shares to be issued from time to time pursuant to the Proposed LTIP, representing up to 10% of the issued and paid-up share capital of Paramount at any point in time over the Plan Period, which was obtained via its letter dated 18 March 2013;

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(a)	HLIB is required to submit a confirmation to Bursa Securities of full compliance of the LTIP pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting;	To be met
(b)	Paramount is required to furnish Bursa Securities on a quarterly basis a summary of the total number of LTIP Shares listed as at the end of each quarter together with a detailed computation of listing fees payable; and	To be met
(c)	To incorporate the comments made by Bursa Securities in the Circular.	Met.

- (ii) the shareholders of Paramount at an EGM to be convened; and

- (iii) other relevant authorities/parties, if required.

#### 6. DIRECTORS', MAJOR SHAREHOLDERS' AND CHIEF EXECUTIVE'S INTERESTS

Save as provided below, none of the directors or major shareholders of the Company and/or Persons Connected with them have any interest, directly or indirectly, in the Proposed LTIP.

DTCQ, who is an Executive Director and a shareholder of the Company, is entitled to participate in the Proposed LTIP. Accordingly, DTCQ is deemed interested in the Proposed LTIP to the extent of his allocation. As such, DTCQ has abstained and will continue to abstain from all deliberations and voting on the Proposed LTIP at Board meetings in respect of any specific allocation of LTIP Shares to him. In addition, DTCQ will also abstain from voting in respect of his direct and/or indirect shareholdings on the ordinary resolution pertaining to his specific allocation and undertake that Persons Connected with him, if any, will abstain from voting on the ordinary resolution pertaining to their specific allocation under the Proposed LTIP to be tabled at an EGM to be convened.

CSY, who is the chief executive of the Company, is also entitled to participate in the Proposed LTIP. Accordingly, CSY is also deemed interested in the Proposed LTIP to the extent of his allocation. As such, CSY will abstain from voting in respect of his direct and/or indirect shareholdings, if any, on the ordinary resolution pertaining to his specific allocation and will also undertake that Persons Connected with him, if any, will abstain from voting on the ordinary resolution pertaining to their specific allocation under the Proposed LTIP to be tabled at an EGM to be convened.

## **7. DIRECTORS' RECOMMENDATION**

The Board, having considered and deliberated on all aspects of the Proposed LTIP including the rationale and effects of the Proposed LTIP, is of the opinion that the Proposed LTIP is in the best interests of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed LTIP to be tabled at the EGM.

The Board (other than DTCQ in respect of the Proposed LTIP Award), having considered all aspects of the Proposed LTIP Award, is of the view that the Proposed LTIP Award is in the best interest of the Group and recommends that you vote in favour of the resolutions pertaining to the Proposed LTIP Award at the EGM to be convened.

## **8. CORPORATE PROPOSALS WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED**

Save for the Proposed LTIP, there are no other corporate proposals which have been announced by Paramount but not yet completed as at the LPD.

The Proposed LTIP is not conditional or inter-conditional upon any other corporate proposal.

## **9. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed LTIP is expected to be completed by the first half of 2013.

## **10. EGM**

The EGM will be held at Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 17 April 2013 at 10.30 p.m. or any adjournment thereof, for the purpose of considering and if deemed fit, passing the resolutions as set out in the notice of the EGM herein to approve and give effect to the Proposed LTIP.

If you are unable to attend and vote in person at the forthcoming EGM, you may appoint a proxy to attend and vote on your behalf. If you wish to do so, you must deposit the Form of Proxy for the EGM at the Registered Office of the Company at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan by Monday, 15 April 2013 at 10.30 a.m., or in the event that the EGM is adjourned, not less than 48 hours before the adjourned EGM. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM if you subsequently decide to do so.

## **11. FURTHER INFORMATION**

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

Yours faithfully  
for and on behalf of the Board  
**PARAMOUNT CORPORATION BERHAD**

**Dato' Md Taib bin Abdul Hamid**  
Chairman/Independent Non-Executive Director

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DRAFT BY-LAWS FOR THE PROPOSED LTIP

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## DRAFT BY-LAWS FOR THE PROPOSED PLAN

PARAMOUNT CORPORATION BERHAD  
BY-LAWS FOR THE  
LONG TERM INCENTIVE PLAN

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**1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

"Act"	means Companies Act, 1965 of the laws of Malaysia
"Adviser"	means a corporate finance adviser that may act as a principal adviser under the Securities Commission's Principal Adviser Guidelines
"Affected Employees"	shall have the meaning ascribed to it in By-Law 23.1
"Articles"	means the Articles of Association of the Company as amended from time to time.
"Awards"	means, collectively, the RS Award and the PS Award and "Award" shall mean any one of them in the context of these By-Laws
"Award Date"	means in relation to an Award, the date of the Award being granted by the LTIP Committee
"Board"	means the board of directors of the Company.
"Bursa Depository"	means Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	means Bursa Malaysia Securities Berhad (635998-W)
"By-Laws"	means, collectively the terms and conditions governing the Plan as set forth in these By-Laws as amended, modified and/or supplemented from time to time
"CDS"	means the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account"	means the account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities

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DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)

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“Commencement Date”	means in relation to the Award, the date fixed by the LTIP Committee as the date on which the Vesting Period commences
“Disciplinary Proceedings”	means proceedings instituted by a Group Company against a Participant or Selected Employee employed by that Group Company for any alleged misbehavior, misconduct and/or any other act of the Participant’s or Selected Employee’s deemed to be unacceptable by that Group Company in the course of that Participant’s or Selected Employee’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Participant or Selected Employee
“Effective Date”	means the date on which the Plan takes effect which shall be upon full compliance with the relevant requirements of the Listing Requirements, more particularly set out in By-Law 16.1
“Eligible Person”	means any Employee or Executive Director who is eligible to be selected to participate in the Plan as set forth in By-Laws 2.1 to 2.2, and “Eligible Persons” means any two or more of them
“Employee”	means any person who is employed by any corporation within the Group
“Executive Director”	means a natural person who is a director in a full-time executive capacity who is involved in the day-to-day management of the Group
“Ex-Group Company”	means “Ex-Group Company” as defined in By-Law 2.4
“Group Company”	means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Securities
“LTIP Committee”	means a committee established pursuant to By-Law 13.1 to implement and administer the Plan in accordance with these By-Laws
“Market Day”	means a day on which the stock market of Bursa Securities is open for the trading in securities
“Maximum Allowable Allocation”	shall have the meaning ascribed to it in By-Law 4.1
“Maximum LTIP Shares Available”	shall have the meaning ascribed to it in By-Law 3.2
“Normal Correspondence”	shall have the meaning ascribed to it in By-Law 28.3

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DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)

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"Notice / Process"	shall have the meaning ascribed to it in By-Law 28.1
"Notice of Vesting"	shall have the meaning ascribed to it in By-Law 8.2
"Participant"	means a Selected Employee who has duly accepted an Award in accordance with these By-Laws and "Participants" shall mean any two or more of them
"Paramount" or "Company"	means Paramount Corporation Berhad (8578-A), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
"Paramount Group" or "Group"	means, collectively, Paramount and its subsidiaries
"Performance Target(s)"	means the performance targets determined by the Company (which are to be achieved by the Selected Employee) and/or Group (and/or such business units within the Group as determined by the Company)
"Persons Connected"	shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
"Plan"/"LTIP"	means the Paramount Corporation Berhad Long Term Incentive Plan which shall consist of the RS Award and the PS Award
"Plan Period"	means the period the Plan as set out in By-Law 16.1
"Plan Termination Date"	shall have the meaning ascribed to it in By-Law 16.3
"Previous Company"	shall have the meaning ascribed to it in By-Law 2.4
"PS Award"	means the performance-based restricted share incentive plan
"RM"	means Ringgit Malaysia, the lawful currency of Malaysia
"Record Date"	means for the purposes of By-Law 12.1, the date as of the close of business on which, shareholders whose names must appear in the record of depositors maintained at Bursa Depository in order to participate in any dividend, right, allotment or other distribution
"Rights"	shall have the meaning ascribed to it in By-Law 12.1
"RS Award"	means the restricted share incentive plan



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DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)

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“Rules of Bursa Depository”	The rules of Bursa Depository, as issued pursuant to SICDA
“SC”	means the Securities Commission of Malaysia established pursuant to the Securities Commission Act 1993
“SICDA”	Securities Industries (Central Depository) Act, 1991
“Said Participant”	shall have the meaning ascribed to it in By-Law 16.3
“Selected Employee”	means an Eligible Person selected by the LTIP Committee to whom an Award is made pursuant to By-Law 5, and “Selected Employees” means any two or more of them
“Shares” or “LTIP Shares”	means the fully paid ordinary shares of RM0.50 each in the Company (unless otherwise adjusted) and “Share” means any one of them
“Subsidiary”	means (subject to By-Law 2.3) a subsidiary (as defined in the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Plan Period unless determined by the LTIP Committee to fall outside the expression of “Subsidiary” pursuant to By-Law 2.3 and “Subsidiaries” shall be construed accordingly
“Termination Date”	means in relation to the Award, the date on which an Award terminates, expires, lapses and/or otherwise ceases to be of any force and effect or the date immediately following the day on which the LTIP Shares comprised in an Award are intended to vest in full in accordance with these By-Laws
“Unvested Shares”	means LTIP Shares which have been granted pursuant to the Award but which have not been vested in the Participant at the relevant time stipulated in the Award
“Vesting Conditions”	means the conditions determined by the LTIP Committee and stipulated in the Award which must be fulfilled for the LTIP Shares to be vested in a Participant
“Vesting Date”	means the date or dates on which all or some of the LTIP Shares to which that Award relates in accordance with By-Law 8.1 are vested pursuant to the Award stipulated by the LTIP Committee
“Vesting Period”	means the period commencing from the

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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Commencement Date and expiring on the Market Day immediately preceding that Termination Date (both dates inclusive)

- 1.2 In these By-Laws, unless the context otherwise requires
- (a) any reference to a statutory provision or an applicable law shall include a reference to:
    - (i) any and all subsidiary legislation made from time to time under that provision or law;
    - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the SC);
    - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Award made, awarded and/or accepted within the Plan Period; and
    - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
  - (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
  - (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
  - (d) any word importing:
    - (i) the singular meaning includes the plural meaning and vice versa; and
    - (ii) the masculine gender includes the feminine gender and vice versa;
  - (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
    - (i) by the Board may be exercised in the Board's discretion and the Board shall not be under any obligation to give any reasons therefor;
    - (ii) by the LTIP Committee may be exercised in the LTIP Committee's discretion and the LTIP Committee shall not be under any obligation to give any reasons therefor, but subject always to the Board's power to overrule any decision of the LTIP Committee;
  - (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the Plan Period then the stipulated day shall be taken to be the last Market Day of the Plan Period; and
  - (g) in the event of any change in the name of the Company from its present name, all references to "Paramount Corporation Berhad" in these By-Laws and all other documents pertaining to the Plan shall be deemed to be references to the Company's new name.
- 1.3 This Plan shall be known as the "Paramount Corporation Berhad Long Term Incentive Plan"

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**2. ELIGIBILITY**

2.1 Subject to By-Law 2.2, employees may be considered as eligible from time to time and at any time for the purposes of the Plan by the LTIP Committee.

2.2 Any Employee or Executive Director of the Paramount Group shall be eligible to be considered an Eligible Person if that person, as at any Award Date:

- (a) has attained the age of eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has entered into a full-time or fixed-term contract of employment with, and is on the payroll of the Group Company, and who has not served a notice of resignation or received a notice of termination;
- (c) whose service or employment has been confirmed in writing;
- (d) is not a non-executive or independent director of Paramount; and
- (e) has fulfilled any other eligibility criteria which has been determined by the LTIP Committee at its discretion from time to time,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the Effective Date. For the avoidance of doubt, the LTIP Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in this Section 2.2, for purposes of selecting an Eligible Person at any time and from time to time, in the LTIP Committee's discretion.

2.3 Subject to these By-Laws and to any applicable law, the LTIP Committee shall have the discretion, at any time and from time to time, to extend the benefit of this Plan to any employee of any company which is not a Group Company, and deem such an employee to be an Eligible Person and such a company to be a Group Company, in the situation where such an employee had at any time (whether before or after the coming into force of these By-Laws) been seconded from any Group Company to that company. The LTIP Committee may, at any time and from time to time, determine in its discretion that a subsidiary of the Company (including those subsequently incorporated or acquired during the Plan Period) shall be excluded from the expression "Subsidiary" for the purpose of the Plan.

2.4 The LTIP Committee shall have the discretion to extend (or not) the benefit of this Plan to any employee in any of the following circumstances:

- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a disposal, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
- (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
- (c) where:

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- (i) a corporation that was a Group Company ceases to be a Group Company (“Ex-Group Company”); and
  - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 2.5 In the case where an employee is transferred from a Group Company to a corporation which is not a Group Company, that employee may, at the discretion of the LTIP Committee, continue to be entitled to all of his rights in respect of his Award (as may be applicable), subject to these By-Laws.
- 2.6 Eligibility under this Plan does not confer on any Eligible Person any claim, right to participate in, or any other right whatsoever under this Plan, and an Eligible Person does not acquire or have any right over, or in connection with, any Award under this Plan unless an Award has been made by the LTIP Committee to that Selected Employee and that Selected Employee has accepted the Award in accordance with the terms of the Award Letter and these By-Laws.
- 2.7 Notwithstanding anything to the contrary, an Eligible Person, a Selected Employee or a Participant may participate at any time in another employee share scheme or share option scheme of any other corporation, whether or not a Group Company, unless the LTIP Committee otherwise determines in its discretion.
- 2.8 Without prejudice to the generality of the foregoing and subject to the LTIP Committee’s discretion otherwise, any Award made by the LTIP Committee shall become void, of no effect and cease to be capable of acceptance upon any of the following events occurring:
  - (a) the Selected Employee’s death;
  - (b) the Selected Employee having received a letter of termination or ceasing to be an employee of any Group Company, for any reason whatsoever;
  - (c) the Selected Employee giving notice of his resignation from service or employment;
  - (d) the corporation which employs the Selected Employee ceasing to be a Group Company;
  - (e) the Selected Employee is subject to Disciplinary Proceedings; or
  - (f) the Selected Employee is adjudicated a bankrupt.
- 2.9 For the avoidance of doubt, no Award may be granted to any person who is an Executive Director of the Company, a major shareholder, chief executive of the Company, or a Person Connected with a major shareholder, chief executive or Executive Director of the Company, unless the specific grant of that Award, and/or the related transfer of Paramount Shares pursuant to that Award, to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 2.10 The LTIP Committee may in its discretion revoke or suspend the nomination of any Selected Employee or Group Company at any time and from time to time, whereupon such Selected Employees and the employees of such corporation shall henceforth cease to be eligible for any Award under this Plan.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**3. MAXIMUM NUMBER OF LTIP SHARES AVAILABLE UNDER THIS PLAN**

- 3.1 Subject to By-Law 3.2, the maximum number of LTIP Shares which may be made available under the Plan and/or allotted and issued and/or acquired and/or transferred upon the vesting of LTIP Shares, shall not be more than in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time when the Award is made during the Plan Period.
- 3.2 In the event the total number of LTIP Shares made available under the Plan exceeds the ten percent (10%) limit referred to in By-Law 3.1 ("**Maximum LTIP Shares Available**") as a result of the Company purchasing or cancelling or reducing its own Shares in accordance with the provisions of the Act and/or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, any Awards granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and may vest in accordance with the provisions of this Plan as if that purchase or cancellation or reduction had not occurred, and:
- (a) if, after such purchase, cancellation or reduction, the aggregate number of LTIP Shares in respect of the Awards by the Company as at the date of purchase, cancellation or reduction of shares is less than the Maximum LTIP Shares Available, the LTIP Committee may make further Awards but only until such aggregate number of LTIP Shares in respect of the Awards is equivalent to the Maximum LTIP Shares Available after such purchase, cancellation or reduction; or
  - (b) if, after such purchase, cancellation or reduction, the aggregate number of LTIP Shares in respect of the Awards by the Company as at the date of purchase, cancellation or reduction of shares is greater than the Maximum LTIP Shares Available, no further Awards shall be made by the LTIP Committee until such aggregate number of LTIP Shares in respect of the Awards falls below the Maximum LTIP Shares Available.

**4. BASIS OF ALLOCATION**

- 4.1 The total number of LTIP Shares that may be awarded to any one of the Selected Employees and/or to be vested in any one of the Participants under this Plan at any time shall be at the discretion of the LTIP Committee, after taking into account such criteria as may be determined by the LTIP Committee in its discretion (subject always to these By-Laws and any applicable law). Notwithstanding the foregoing, not more than ten percent (10%) of the LTIP Shares made available under the Plan shall be allocated to any individual Selected Employee who, either singly or collectively through Persons Connected with him, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any) ("**Maximum Allowable Allocation**"). No Employees or Executive Directors shall participate in any voting, deliberation or discussion on the Award of vesting of LTIP Shares to them under the Plan.
- 4.2 For the avoidance of doubt, the LTIP Committee shall have discretion in determining whether the LTIP Shares available for vesting under this Plan are to be awarded to the Selected Employees via:
- (a) one single Award (as the case may be) at a time determined by the LTIP Committee; or

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- (b) several Awards (as the case may be) where the vesting of LTIP Shares comprised in those Awards is staggered or made in several tranches at such times and on terms determined by the LTIP Committee.
- 4.3 In the event the LTIP Committee decides that the Award of vesting of any number of LTIP Shares is to be staggered, the number of LTIP Shares to be granted in each Award and the timing for the vesting of the same shall be decided by the LTIP Committee at its discretion and each Award shall be separate and independent from the others.

**5. GRANT OF AWARDS**

- 5.1 The LTIP Committee may, after taking into consideration such criteria as the LTIP Committee deems fit, including but not limited to the Selected Employee's position, contribution, job performance, duration of service and potential for future development, make one or more Award to any Selected Employee during the Plan Period, whom the LTIP Committee may in its discretion select. Each Award made to any Selected Employee by the LTIP Committee shall be separate and independent from any previous or later Award made by the LTIP Committee to that Selected Employee.
- 5.2 Subject always to these By-Laws:
- (a) nothing shall prevent the LTIP Committee from making more than one Award to any Selected Employee provided always that the aggregate number of LTIP Shares in respect of the Awards granted to any Participant shall not exceed the Maximum Allowable Allocation; and
  - (b) the number of LTIP Shares which a Selected Employee may be entitled pursuant to an Award shall be at the discretion of the LTIP Committee and, subject to any adjustment that may be made under these By-Laws, shall not be less than 100 Shares and shall always be in multiples of 100 Shares.

The numbers of LTIP Shares so awarded for vesting pursuant to the Award, which shall be disclosed in the Company's annual report, shall be verified by the Audit Committee of the Board (if required).

- 5.3 An Award shall be made in any manner as the LTIP Committee shall determine and may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Nothing herein shall require any Award made to be the same as or similar to other Awards previously or subsequently made whether to the same or a different Selected Employee. Each Award shall be made in writing and is personal to the Selected Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.
- 5.4 The LTIP Committee will in an Award to a Selected Employee state, amongst others:
- (a) the number of LTIP Shares to be vested on the Vesting Date(s) if the Performance Targets are met,
  - (b) the date of the Award;
  - (c) the Vesting Conditions;

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- (d) the Vesting Date(s); and
- (e) any other information deemed necessary by the LTIP Committee.

**6. ACCEPTANCE OF AWARDS**

- 6.1 An Award shall be valid for a period of 1 month (or such other period as may be determined by the LTIP Committee) from the Award Date. Any acceptance of that Award must be made by the person to whom that Award is made within that period by written notice to the LTIP Committee (in such form as may be prescribed by the LTIP Committee), accompanied by a non-refundable payment to the Company of the sum of RM1.00 as a consideration for acceptance of that Award. If that Award is not accepted in such prescribed manner, that Award shall, upon the expiry of the prescribed period, automatically lapse and shall be null and void and of no effect and the LTIP Shares that would have been vested in such Award may, at the discretion of the LTIP Committee, be awarded to other Selected Employees in accordance with these By-Laws provided that the LTIP Committee shall not be precluded from making a fresh Award to the Selected Employee subsequently.
- 6.2 The Selected Employees are not required to pay for the LTIP Shares they are entitled to receive upon vesting of LTIP Shares pursuant to the Award, save and except for the non-refundable sum of RM1.00 in By-Law 6.1 above and all other costs, fees, levies, charges and/taxes referred to in By-Law 18.2.

**7. NON-TRANSFERABILITY OF THE AWARD**

- 7.1 Subject to By-Law 5.3, an Award is personal to the Participant thereof, and cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

**8. VESTING CONDITIONS AND VESTING OF LTIP SHARES**

- 8.1 The LTIP Shares to be allotted and issued to under an Award shall vest to the Participant in accordance with the terms of the Award and these By-laws:
- (a) during his employment with a Group Company (unless otherwise expressly provided under these By-Laws); and
  - (b) in any number of times within the Vesting Period for that Award as the LTIP Committee may decide in its discretion from time to time; and
- not otherwise, during the normal business hours of the Company on such days and/or during such periods as the LTIP Committee may decide for the purposes of vesting of the LTIP Shares, provided that no LTIP Shares under an Award shall vest beyond the expiry of the Plan Period. The LTIP Shares comprised in an Award shall vest in multiples of and no less than 100 Shares.
- 8.2 Every Notice of Vesting must be in the form prescribed by the LTIP Committee from time to time and will stipulate the number of LTIP Shares which are to be vested to the Participant pursuant to

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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the Award. Within eight (8) Market Days or such other period as may be prescribed or allowed by Bursa Securities from the date stipulated in the Notice of Vesting, the Company shall:

- (a) issue and allot the relevant number of LTIP Shares; and
- (b) procure the despatch of notices of allotment of such Shares to the Participant accordingly upon and subject to the provisions of the Articles, SICDA and Rules of Bursa Depository.

8.3 All LTIP Shares pursuant to the vesting of any Award under this Plan shall be credited directly into the CDS Account of the Participant, and no physical share certificates will be issued and delivered to the Participant. The Participant shall provide the LTIP Committee with his CDS Account number within the time period as determined by the LTIP Committee. It is the obligation and responsibility of the Participant to notify the Company of any change in his CDS Account number and any other relevant details.

8.4 To the extent the LTIP Shares under an Award shall not have vested upon expiry of the Vesting Period for that Award or vest at all under the Plan for any reason whatsoever (including, without limitation, by reason of the LTIP Committee determining that an Award shall not vest at all, pursuant to By-Law 8.6) the Award shall lapse and become null and void unless extended at any time and from time to time by the LTIP Committee in its discretion.

8.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise), being undertaken whereby all the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the LTIP Committee may in its discretion unilaterally decide:

- (a) to alter any Vesting Period applicable in respect of any Award, whether by shortening or lengthening the same;
- (b) to alter any Commencement Date and/or Termination Date in respect of any Award;
- (c) to fix any Commencement Date and/or Termination Date in respect of any Award; and/or
- (d) to alter the terms of any Award;

but in the absence of any such decision by the LTIP Committee, upon any such take-over offer or corporate proposal becoming or being declared unconditional, the LTIP Committee may allow, within one month from the date on which such take-over offer or corporate proposal becomes or is declared unconditional (or such shorter period expiring on the day immediately prior to the date on which the Award or proposal is to expire or to complete, if such period is shorter than the said one-month period), for such number of LTIP Shares comprised in any Awards to vest fully, including those LTIP Shares comprised in Awards that have not yet vested in accordance with By-Law 8.6, provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provisions of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specified date, the LTIP Shares under the Award shall vest to the Participant until the day immediately prior to that specified date, but no later.



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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- 8.6 Notwithstanding anything to the contrary, all LTIP Shares comprised in an Award under this Plan shall vest when the LTIP Committee determines that such Participant has achieved the stipulated conditions as stated in the Award made to him and if all other conditions stipulated in the Award have also been met. In the event the conduct and the performance of such Participant during the Vesting Period for that Award do not meet the criteria for such vesting imposed by the LTIP Committee as it thinks fit and/or if any other conditions stipulated in the Award has not been met, the LTIP Committee has the discretion to vary the number of LTIP Shares to be vested or to extend the relevant Vesting Period and to impose additional conditions, including but not limited to, any Vesting Conditions or Performance Targets or such other conditions precedent as the LTIP Committee thinks fit in respect of the vesting of the LTIP Shares to such Participant.
- 8.7 The LTIP Committee shall have the discretion to settle the vesting of any LTIP Shares comprised in an Award by way of cash payment in lieu of vesting of LTIP Shares to a Participant.
- 8.8 No Participant shall have any right to or interest in the LTIP Shares granted to him unless and until the LTIP Shares are vested in him on and with effect from the date such Shares are credited into his CDS Accounts.

**9. TERMINATION OF AWARDS AND UNVESTED SHARES**

- 9.1 In the event of the cessation of employment of a Participant with a Group Company for whatever reason, including but not limited to the receipt of a letter of termination or serving of a notice of resignation by the Participant, prior to the vesting of LTIP Shares comprised in an Award, such Award or the balance thereof, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.
- 9.2 In the event of the cessation of employment of a Participant with a Group Company in any of the following circumstances:
- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy;
  - (b) retirement before attaining that normal retirement age;
  - (c) ill-health, injury, physical or mental disability;
  - (d) redundancy or retrenchment, pursuant to the acceptance by that Participant of a voluntary separation scheme offered by the relevant Group Company;
  - (e) non-renewal of fixed term contract; or
  - (f) any other circumstance which is acceptable to the LTIP Committee in its discretion,

the LTIP Committee may at its discretion determine that all or any part of the Unvested Shares comprised in an Award, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Shares may vest (provided that no LTIP Shares shall vest after the expiry of the Vesting Period for that Award). Unless the LTIP Committee in its discretion permits such vesting in accordance with this By-law 9.2, any Unvested Shares shall cease or be deemed to cease to be capable of vesting to the Participant without any liability or right to claim against the Company and/or the LTIP Committee and/or the Board.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- 9.3 Subject to By-Law 9.2, upon the resignation of the Selected Employee or the Participant from his employment with the relevant Group Company, as the case may be, such Award shall lapse and cease or be deemed to cease to be valid forthwith on the date the Selected Employee or the Participant, as the case may be, tenders his resignation.
- 9.4 Where a Participant dies before the expiry of the Vesting Period for an Award(s), the LTIP Committee may at its discretion determine that all or any part of the Unvested Shares under the Award(s) to be held by the Participant, be vested to the executor or administrator of that deceased Participant, and the times or periods at or within which such Shares comprised in the Award(s) may vest, provided always that no LTIP Shares comprised in the Award(s) may vest after the expiry of the Vesting Period for an Award(s). In this regard, the LTIP Committee may require the executor or administrator of that deceased Participant to provide evidence satisfactory to the LTIP Committee of his status as such executor or administrator, as the case may be.
- 9.5 Any unaccepted Awards and/or Unvested Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of acceptance and/or vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the LTIP Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of the Company pursuant to By-Law 15.1; or
  - (b) termination of the Plan pursuant to By-Law 16.3.

**10. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT**

- 10.1 If the LTIP Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the Plan Period, whether by way of a capitalization of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, such corresponding alterations (if any) may be made to the Plan.
- 10.2 Alterations, as set out in By-Law 10.1, may be made in
- (a) the number of Unvested Shares comprised in an Award; and/or
  - (b) the method and/or manner in the vesting of the LTIP Shares comprised in an Award.
- 10.3 The alterations as set out in By-Law 10.2 shall be in such a manner as to give the Participant a fair and reasonable Award entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue) by the external auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:
- (a) upon any adjustment being made pursuant to By-Law 10.2 the LTIP Committee shall notify the Participant (or his executor or administrator, where applicable) in writing of the adjusted number of LTIP Shares comprised in the Award, and/or the revised maximum number of LTIP Shares and/or percentage of the total LTIP Shares comprised in the Award, that may vest at any time or in any period which supersedes the earlier Award(s);

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- (b) in the event that a fraction of a Share arising from the adjustments referred to in By-Law 10.2 would otherwise be required to be transferred to the Participant upon the vesting of LTIP Shares comprised in an Award, the Participant's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the LTIP Committee, the adjustments pursuant to By-Law 10.2 shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

10.4 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of securities as consideration for an acquisition;
- (b) a special issue of new Shares to Bumiputera parties approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation;
- (c) a special issue, private placement or restricted issued of new Shares by the Company;
- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 67A of the Act;
- (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (f) an issue of new Shares upon the vesting of Award pursuant to the Plan;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including Directors, or Employees of the Company or any of its subsidiaries pursuant to purchase or Award schemes approved by the Shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of Section 132D of the Act.

## **11. DISCIPLINARY PROCEEDINGS**

11.1 In the event that a Participant is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the LTIP Committee may in its discretion suspend any one or more of the Participant's rights in respect of any Award then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:

- (a) in the event that such Participant shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Participant's rights in respect of any Award then held by him shall remain unaffected (and where that Award had been suspended, the suspension shall be lifted);

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Participant, the Award held by that Participant shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Participant, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Participant in any other forum; and
- (c) in the event that the Disciplinary Proceedings result in a demotion of the Participant to a lower category of employment, the numbers of LTIP Shares comprised in the Award held by that Participant which are unvested (as the case may be) at that time may be reduced by the LTIP Committee in its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Participant is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the LTIP Committee shall have the right to determine, at its discretion, whether or not the LTIP Shares comprised in the Award may continue to vest and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Award). Nothing herein shall prevent the LTIP Committee (but the LTIP Committee shall not be obliged to do so) from making a fresh Award and/or reinstating the right of the Participant to have vested any Unvested Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn.

- 11.2 in the event a Selected Employee is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service) after an Award is made, the Award is deemed revoked and/or withdrawn and ceases to be capable of acceptance, unless otherwise decided by the LTIP Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Selected Employee. Nothing herein shall prevent the LTIP Committee (but the LTIP Committee shall not be obliged to do so) from making a fresh Award to such Selected Employee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn.

## **12. RANKING OF AND RIGHTS TO SHARES**

- 12.1 The LTIP Shares to be allotted and issued pursuant to this Plan shall upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares of the Company and shall be entitled to any rights, dividends, allotments and/or distributions ("**Rights**") attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such LTIP Shares is before the Record Date for any right, allotment or distribution.
- 12.2 Notwithstanding By-Law 12.1, the Participant shall not be entitled to any Rights (i) attached to the LTIP Shares prior to the date on which the LTIP Shares are credited into the Participants' respective CDS Accounts; or (ii) which may be declared, made or paid to the Company's shareholders, for which the Record Date is prior to the date on which the LTIP Shares are credited into the Participants' respective CDS Accounts.
- 12.3 The LTIP Shares shall be subjected to all the provisions of the Articles of the Company in relation to their issuance and allotment, transfer, transmission or otherwise.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**13. ADMINISTRATION**

- 13.1 This Plan shall, subject to these By-Laws, be implemented and administered by the LTIP Committee in such manner as it shall, in its discretion, think fit, in the best interest of the Company. The LTIP Committee shall comprise such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the LTIP Committee, including its duties, powers and limitations.
- 13.2 Without limiting the generality of By-Law 13.1, the LTIP Committee may for the purpose of administering this Plan, do all acts and things and enter into any transaction, agreement, deed, document, arrangement or undertaking, and make such rules and regulations, or impose terms and conditions or delegate part of its power relating to the administration of the Plan as the LTIP Committee in its discretion deems fit necessary and/or expedient for the implementation and administration of, and to give full effect to, the Plan.
- 13.3 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the LTIP Committee and appoint replacement members to the LTIP Committee;
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the LTIP Committee pursuant to these By-Laws; and
  - (c) amend, modify or vary the terms of reference of the LTIP Committee.

**14. MODIFICATION AND/OR AMENDMENT OF THESE BY-LAWS**

- 14.1 The terms and conditions of these By-Laws and this Plan may from time to time be modified, altered, amended and/or deleted by a resolution of the Board, except that (unless expressly provided in these By-Laws) no such modification and/or amendment shall be made which would prejudice the rights then accrued to any Selected Employee and/or Participant without his prior written consent and no modification, amendment, alteration and/or deletion of this Plan shall be made in relation to By-Laws 2, 3.1, 4.1, 5.3, 6.1, 7.1, 10.3, 12.1, 15.1 and 16.1 to the advantage of the Selected Employees and/or the Participants without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.

**15. LIQUIDATION OF COMPANY**

- 15.1 Upon the receipt of a court order of the winding-up of the Company, all Awards shall be deemed revoked and be null and void and all Unvested Shares comprised in an Award shall lapse and be null and void and of no further force and effect, and this Plan shall terminate.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**16. PLAN PERIOD**

16.1 This Plan shall take effect on the Effective Date and shall be in force for a period of seven (7) years provided that the following conditions have been fulfilled:

- (a) approval of Bursa Securities or approval-in-principle for the listing of and quotation for the LTIP Shares to be issued pursuant to the Plan;
- (b) approval of the shareholders of the Company at a general meeting to be convened;
- (c) the submission to Bursa Securities of the final copy of the By-Laws;
- (d) any other relevant regulatory authorities' approval where applicable; and
- (e) fulfillment of all conditions attached to the above approvals, if any.

All Unvested Shares comprised in any Award shall forthwith cease to be capable of vesting upon expiration of the Plan Period.

16.2 Within five (5) Market Days after the Effective Date, the Company shall, if required, through the Adviser, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 16.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Plan.

16.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with the SC, Bursa Securities and/or any other regulatory authorities' guidelines or directives, the Company may, by notice in writing to all Participants whose LTIP Shares have not been vested in them ("**Said Participant**"), terminate the Plan at any time during the Plan Period, whereupon all Awards shall be deemed revoked and be null and void and any Unvested Shares shall be deemed to cease to be capable of vesting and be null and void on the date specified in the notice which shall be after approvals or consents aforementioned have been obtained ("**Plan Termination Date**") provided that the LTIP Committee may in its discretion, permit the vesting of Unvested Shares (or any part thereof) in the Said Participants at any time prior to the Plan Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Vesting Date of the LTIP Shares is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Award has not been fulfilled or satisfied.

16.4 On or before the expiry of the Plan Period, the Board shall have the discretion, without having to obtain approval of the Company's shareholders, to extend the duration of the Plan up to three (3) years provided that the initial period of the Plan and such extension of the Plan made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Effective Date. In the event the Plan is extended in accordance with this provision, the LTIP Committee shall furnish a written notification to all Participants and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Plan.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**17. RETENTION PERIOD**

- 17.1 The LTIP Shares transferred to the Participants pursuant to this Plan may be subjected to any retention period at the discretion of the LTIP Committee.
- 17.2 The expression "retention period" referred to in By-Law 17.1 shall mean the period in which the LTIP Shares transferred to the CDS Account of the Participants pursuant to this Plan must not be sold, transferred, assigned or otherwise disposed of by the Participants.

**18. COSTS AND EXPENSES OF THE PLAN**

- 18.1 All administrative costs and expenses incurred by the Company in relation to this Plan, including but not limited to the costs and expenses relating to the allotment and issuance of the LTIP Shares and/or acquisition of existing Shares for the vesting of LTIP Shares comprised in any Award, shall be borne by the Company.
- 18.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by an allottee or a transferee of LTIP Shares, pursuant or relating to the grant of the Awards and vesting of LTIP Shares comprised in an Award, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Participant for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**19. NO COMPENSATION**

- 19.1 All Employees (including but not limited to Eligible Person or Selected Employee and/or Participant) who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under this Plan which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 19.2 All Employees (including but not limited to Eligible Person or Selected Employee and/or Participant) or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the LTIP Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of LTIP Shares comprised in an Award, their LTIP Shares comprised in an Award not vesting for any reason whatsoever, and/or their Award ceasing to be valid pursuant to the provisions of these By-Laws.

**20. DISPUTES**

- 20.1 In the event of a dispute between the Board and/or the LTIP Committee, and an employee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the LTIP Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason for the same) given to the employee of any Group Company. The said

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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decision of the Board or the LTIP Committee (as the case may be) shall be final and binding on the parties.

**21. INSPECTION OF AUDITED ACCOUNTS**

- 21.1 All Participants shall be entitled to inspect a copy of the latest audited accounts of the Company, which shall be made available at the Company website at [www.pcb.com.my](http://www.pcb.com.my)

**22. DIVESTMENT OF SUBSIDIARIES**

- 22.1 If a Participant is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Participant shall not be eligible for any future Awards under this Plan. Unless otherwise determined by the LTIP Committee, any Unvested Shares in respect of the Participant shall cease to be capable of vesting.

**23. ACQUISITIONS OF SUBSIDIARIES**

- 23.1 Notwithstanding anything to the contrary, but subject to By-Law 2.4, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") (subject to the approval of the LTIP Committee) may be eligible to participate in this Plan only for remaining Plan Period provided that, notwithstanding anything to the contrary, the number of LTIP Shares that may be offered to such an Affected Employee under this By-Law 23.1 will always be subject to the discretion of the LTIP Committee.

**24. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 24.1 Notwithstanding By-Law 8, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 176 of the Act, or its amalgamation with any other company or companies under section 178 of the Act, the LTIP Committee may at its discretion determine that a Participant may be entitled to receive all or any part of the LTIP Shares comprised in an Award that remain unvested in accordance with By-Law 8.6 commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the LTIP Committee in its discretion notwithstanding that:

- (i) the vesting date is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Award has not been fulfilled or satisfied,



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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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after which all Awards shall be null and void and (whether or not comprising LTIP Shares vested thereunder), shall cease to be capable of vesting.

**25. THE ARTICLES OF ASSOCIATION OF THE COMPANY**

- 25.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles, the provisions of the Articles shall prevail at all times.

**26. PLAN NOT A TERM OF EMPLOYMENT**

- 26.1 This Plan shall not form part of, constitute or in any way be construed as any term or condition of employment of any employee within the Group. This Plan shall not confer or be construed to confer on any employee within the Group any special right or privilege over and above the employee's terms and conditions of employment under which the employee is employed nor any rights in addition to compensation or damages that the employee may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

**27. DISCLAIMER OF LIABILITY**

- 27.1 Notwithstanding anything to the contrary, the Board, the LTIP Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of this Plan, including but not limited to the Company's delay in allotting and issuing the LTIP Shares or in applying for or procuring the listing of the LTIP Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

**28. NOTICE**

- 28.1 Any legal notice/process (other than Awards and acceptances thereof) under the Plan ("**Notice/Process**") required to be given to or served upon an Eligible Person, Selected Employee or Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person, Selected Employee or Participant at his place of employment, at his last facsimile transmission number known to the Company, or to this last known address. Any Notice/Process served by hand, by facsimile by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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- 28.2 Any Notice/Process required to be given to or served upon the Board or the LTIP Committee by an Eligible Person, Selected Employee or Participant shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the LTIP Committee may have stipulated for this purpose). Any Notice/Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 28.3 Any Award to be made and acceptances thereof and normal correspondence (other than Notice/Process) under the Plan ("**Normal Correspondence**") to be given to or served upon the Board or the LTIP Committee, Eligible Person, Selected Employee or Participant, as the case may be, shall be given, served or made in writing and delivered by electronic mail to such e-mail address specified by the Company (if to be given to or served upon the Board or the LTIP Committee) or to such e-mail address of the employee provided by the Company (if to be given to or served upon the Eligible Person, Selected Employee or Participant) or such communication by other digital means as may be prescribed by the Board and/or the LTIP Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 28.4 Notwithstanding By-Law 28.3, where any Normal Correspondence is required to be given by the Company or the LTIP Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons, Selected Employees or Participants, as the case may be, the Company or the LTIP Committee may give the Normal Correspondence through an announcement to all employees of the Group to be made in such manner deemed appropriate by the LTIP Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 28.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons, Selected Employees or Participants, as the case may be.

**29. MULTIPLE JURISDICTIONS**

- 29.1 In order to facilitate the making of any Award (and/or the benefit thereof) under this Plan, the LTIP Committee may provide for such special terms to apply to Awards to Participants who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the LTIP Committee may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the LTIP Committee may approve such supplements to or amendments, restatements or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of this Plan and these By-Laws as then in effect unless this Plan and these By-Laws could have been amended to eliminate such inconsistency. The provisions of By-Law 29.1 shall also, where applicable, apply to the making of any Award.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**30. SEVERABILITY**

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

**31. ERRORS AND OMISSIONS**

- 31.1 If in consequences of an error or omission, the LTIP Committee discovers or determines that:

- (a) an Eligible Person who was selected as a Selected Employee has not been given the opportunity to participate in the Plan on any occasion;
- (b) an Eligible Person was erroneously selected as a Selected Employee; or
- (c) the number of LTIP Shares allotted to any Participant on any occasion is found to be incorrect;

and such error or omission cannot be corrected, the LTIP Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Plan and/or to withdraw the Award given to the Employee who was erroneously selected as a Selected Employee and/or to ensure that the Participant is credited with the correct number of LTIP Shares to which he is entitled to.

**32. GOVERNING LAW**

- 32.1 The Plan, these By-Laws, and all Awards made and granted and actions taken under the Plan shall be governed by and construed in accordance with Malaysian law and the Participant, by accepting the Award in accordance with these By-Laws and terms of the Plan and the Articles of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

**33. DECISION OF THE BOARD AND/OR THE LTIP COMMITTEE**

- 33.1 Any decision and/or determination made by the Board and/or the LTIP Committee under these By-Laws shall be final and binding on all parties.

**34. DELAY IN PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the LTIP Committee.

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**DRAFT BY-LAWS FOR THE PROPOSED LTIP (Cont'd)**

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**35. IMPLEMENTATION OF THE PLAN**

35.1 In implementing the Plan, the LTIP Committee may in its discretion decide that the vesting of any LTIP Shares comprised in an Award be satisfied by any of the following methods:

- (a) allotment and issuance of LTIP Shares by the Company by the Company and the transfer thereof to the Participant;
- (b) acquisition of existing Shares from the stock market of Bursa Securities and the transfer thereof to the Participant;
- (c) payment by cash by the Company to the Participant in lieu of LTIP Shares; or
- (d) a combination of allotment and issuance of LTIP Shares and/or acquisition of existing Shares and/or payment by cash in lieu of LTIP Shares, as stated in By-Law 35.1(a), (b) and (c) above.

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**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

The Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENTS**

HLIB, being the Principal Adviser for the Proposed LTIP has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Tower Watson (Malaysia) Sdn Bhd, being the Scheme Adviser for the Proposed LTIP has given and has not subsequently withdrawn its written consent to the inclusion of its name and all reference thereto in the form and context in which they appear in this Circular.

**3. CONFLICTS OF INTERESTS****3.1 Adviser**

Save as disclosed below, HLIB is not aware of any circumstances that exist or are likely to exist, which would give rise to a possible conflict of interest situation in its capacity as the Adviser to Paramount in connection with the Proposed LTIP.

HLBB has extended a term loan facility of RM62.7 million to Paramount Property (CJaya) Sdn Bhd and an omnibus trade facility of RM8.0 million to Paramount Engineering & Construction Sdn Bhd, wholly owned subsidiaries of Paramount, of which approximately RM31.4 million and RM1.5 million is outstanding as at the LPD.

Based on HLBB's latest audited financial statements as at 30 June 2012, HLBB's aggregate exposure to the Paramount Group as at the LPD is approximately 0.29% and 0.04% of HLBB's shareholders' funds and total loans respectively.

HLIB is of the view that the aforementioned credit facilities are not material when compared to the aggregated audited total assets of HLBB as at 30 June 2012. Furthermore, the credit facilities were extended in the ordinary course of business of HLBB.

Notwithstanding the above, HLIB has considered the factors involved and believes that its objectivity and independence as the Adviser to Paramount in relation to the Proposed LTIP will be maintained at all times for the following reasons:

- (i) HLIB is a licensed investment bank that provides a wide range of investment banking services, including amongst others, loan syndications, corporate finance, debt capital markets and treasury. Therefore, the provision of corporate finance services represent transactions entered into in the ordinary course of business;
- (ii) Save for the advisory fees earned by HLIB from the role stated above, HLIB will not be deriving any other direct or indirect benefits from its appointment as Adviser for the Proposed LTIP; and
- (iii) The Proposed LTIP involves the issuance of LTIP Shares solely to Eligible Persons. Neither HLIB nor HLBB holds any equity interest in Paramount.

Further, the Board has confirmed that they have been informed and are aware of the situations as described above and is agreeable to the role of HLIB as the Adviser for the Proposed LTIP.

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**FURTHER INFORMATION (Cont'd)**


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**3.2 Scheme Adviser**

Towers Watson (Malaysia) Sdn Bhd confirms that it is not aware of any circumstances that exist or that are likely to exist which would give rise to a possible conflict of interest situation in its capacity as Scheme Adviser to the Company in respect of the Proposed LTIP.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****4.1 Material capital commitments**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group which may have a material impact on the profits or NA of the Group:

	<b>Unaudited As at the LPD RM'000</b>
<b>Capital Expenditure</b>	
Approved and contracted for: Property, plant and equipment	17,142
Approved but not contracted for: Property, plant and equipment	260,834
<b>Total</b>	<b><u>277,976</u></b>

**Operating Lease Arrangements**

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at LPD but not recognised as liabilities, are as follows:

Not later than 1 year	3,782
Later than 1 year and not later than 5 years	3,976
<b>Total</b>	<b><u>7,758</u></b>

The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for as at LPD but not recognised as receivables, are as follows:

Not later than 1 year	385
Later than 1 year and not later than 5 years	406
<b>Total</b>	<b><u>791</u></b>

**4.2 Contingent liabilities**

As at the LPD, the Board is not aware of any contingent liabilities, which upon becoming enforceable, may have a material impact on the profits or NA of the Group:

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**FURTHER INFORMATION (Cont'd)**


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**5. MATERIAL LITIGATION**

As at the LPD, neither the Company nor any of its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of the Group.

**6. HISTORICAL SHARE PRICES**

The following table sets out the monthly high and low prices of Paramount Shares transacted for the past 12 months from March 2012 to February 2013:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b>2012</b>		
March	1.680	1.580
April	1.630	1.550
May	1.620	1.510
June	1.800	1.520
July	1.780	1.590
August	1.670	1.570
September	1.590	1.490
October	1.570	1.490
November	1.530	1.480
December	1.500	1.450
<b>2013</b>		
January	1.620	1.480
February	1.610	1.510

The last transacted price of Paramount Shares on 16 January 2013, being the last trading day prior to the announcement of the Proposed LTIP on 17 January 2013 was RM1.59.

The last transacted price of Paramount Shares on 1 March 2013 (being the LPD) is RM1.58.

*(Source: Bloomberg)*

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the EGM, at the registered office of Paramount:

- (i) Memorandum and Articles of Association of Paramount;
- (ii) Letters of consent referred to in Section 2 above;
- (iii) Audited consolidated financial statements of the Paramount Group for the FYE 31 December 2010 and 31 December 2011 and the latest unaudited quarterly financial statements for the Paramount Group for the period ended 31 December 2012; and
- (iv) Draft By-Laws.

# PARAMOUNT<sup>®</sup>

CORPORATION BERHAD  
(5578-A)

(Company No. 8578-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("EGM") of Paramount Corporation Berhad ("**Paramount**" or "**Company**") will be held at the Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday at 17 April 2013 at 10.30 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolution set out below:

### ORDINARY RESOLUTION 1

#### PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN FOR ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF PARAMOUNT CORPORATION BERHAD AND ITS SUBSIDIARIES ("**PROPOSED LTIP**")

"**THAT** subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Company to:

- (i) establish, implement and administer the Proposed LTIP which comprises the restricted share incentive plan ("**RS**") and performance-based restricted share incentive plan ("**PS**") for the benefit of the employees and executive directors of Paramount and its subsidiaries ("**Paramount Group**") who fulfil the conditions of eligibility for participation in the Proposed LTIP ("**Eligible Persons**") and who are awarded ("**Selected Employees**") the award of PS ("**PS Award**") and/or the award of RS ("**RS Award**") (collectively the "**Awards**") in accordance with the By-Laws of the Proposed LTIP ("**By-Laws**"), a draft of which is set out in Appendix 1 of the Circular to Shareholders dated 29 March 2013 ("**Circular**");
- (ii) to allot and issue new ordinary shares of RM0.50 each in Paramount ("**Paramount Shares**") from time to time as may be required to be issued to the Selected Employees who have accepted the Awards to facilitate the implementation and administration of the Proposed LTIP, provided always that the total number of new Paramount Shares to be issued and allotted shall not in aggregate exceed 10% of the issued and paid-up capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the Proposed LTIP;
- (iii) to modify, alter, delete and/or amend the Proposed LTIP and/or the By-Laws from time to time as may be required or permitted or deemed necessary by the authorities or the Board of Directors of the Company or any committee established or appointed by it to implement and administer the Proposed LTIP, provided that such modifications, alterations, deletions and/or amendments are effected and permitted in accordance with the provisions of the By-Laws; and
- (iv) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed LTIP and terms of the By-Laws.

**THAT** the proposed By-Laws, as set out in Appendix I of the Circular, which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, be and is hereby approved;

**THAT** such new Paramount Shares shall, upon allotment and issue, rank pari passu in all respects with the then existing Paramount Shares and shall be entitled to any dividends, rights, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the allotment date of such new Paramount Shares is prior to the entitlement date for any right, allotment and distribution;



**AND THAT** the Directors of the Company be and are hereby empowered and authorised to give effect to the above with full powers to amend and/or assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit, necessary and/or expedient in the interests of the Company or as may be imposed by the relevant regulatory authorities and to take all steps and do all acts, deeds and things and to enter into, execute, sign and deliver for and on behalf of the Company, all commitments, transactions, arrangements, deeds, agreements, undertakings, indemnities, transfers, assignments and guarantees as they may consider necessary or expedient to implement, finalise and give full effect in connection with the above.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED LTIP AWARD TO AN EXECUTIVE DIRECTOR**

“**THAT** subject to the passing of Ordinary Resolution 1 above and the approvals of all the relevant authorities for the Proposed LTIP, the Board of Directors of the Company be and is hereby authorised to, at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws, grant Dato’ Teo Chiang Quan, the Executive Deputy Chairman, up to an aggregate of 10% of the total number of new Paramount Shares available under the Proposed LTIP to be issued to and vested in him at a future date pursuant to the Proposed LTIP.”

## **ORDINARY RESOLUTION 3**

### **PROPOSED LTIP AWARD TO THE CHIEF EXECUTIVE OFFICER**

“**THAT** subject to the passing of Ordinary Resolution 1 above and the approvals of all the relevant authorities for the Proposed LTIP, the Board of Directors of the Company be and is hereby authorised to, at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws, grant Chan Say Yeong, the Chief Executive Officer, up to an aggregate of 15% of the total number of new Paramount Shares available under the Proposed LTIP to be issued to and vested in him at a future date pursuant to the Proposed LTIP.”

BY ORDER OF THE BOARD

**Tay Lee Kong (MAiCSA 772833)**  
Company Secretary

Petaling Jaya  
29 March 2013

#### **NOTES:**

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
3. *Form of Proxy must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a duly certified copy thereof must be deposited at the Company’s Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.*
4. *Please indicate with an “X” in the appropriate box against each resolution how you wish your proxy to vote. If this Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.*
5. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear in the Record of Depositories on 9 April 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.*

## FORM OF PROXY

I/We \_\_\_\_\_  
(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old)

of \_\_\_\_\_  
(full address)

being a Member/Members of Paramount Corporation Berhad hereby appoint  
\_\_\_\_\_ NRIC No. \_\_\_\_\_ (New)

(name of proxy as per NRIC, in capital letters)

\_\_\_\_\_ (Old) of \_\_\_\_\_  
(full address)

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at the Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 17 April 2013 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 4) for or against the resolutions to be proposed at the meeting as hereunder indicated.

		For	Against
Ordinary Resolution 1	Proposed LTIP		
Ordinary Resolution 2	Proposed LTIP Award to Dato' Teo Chiang Quan		
Ordinary Resolution 3	Proposed LTIP Award to Chan Say Yeong		

Dated this \_\_\_\_\_ day \_\_\_\_\_ 2013.

CDS ACCOUNT NO.

NO. OF SHARES HELD

Signature/Common Seal

### NOTES:

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6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 April 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.

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AFFIX  
STAMP

The Company Secretary  
**Paramount Corporation Berhad**  
Level 8, Uptown 1  
1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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