



**PARAMOUNT**<sup>®</sup>  
CORPORATION BERHAD  
(8578-A)

Celebrate the Past. **Inspire The Future.**

annual report 2008

When we know our roots, we know our path into the future.  
At Paramount Corporation Berhad, we have evolved over the years but always held fast to our belief in hard work, innovation and the development of human capital. Today, as we celebrate 40 years as a successful Malaysian company, we stand on solid ground to make new inroads in a future of our own making.

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# vision statement

## vision

- To be an innovative market leader in our businesses that benefit society

## mission

- To provide superior products and services that exceed our customers' expectations
- To recognise our employees as our single most important asset and encourage them to realise their full potential in a caring and conducive environment
- To enhance shareholders' value by growing our businesses

## core values

- **Excellence**  
We will be single-minded in our quest to be the best in our core businesses
- **Integrity and Transparency**  
We will maintain the highest standards of integrity, and continue to remain transparent in all facets of our operations
- **Goodwill**  
We will attach equal importance to building both human values and business values
- **Community**  
We are a responsible corporate citizen, sensitive to the needs of the community
- **Environment**  
We are committed to protecting the environment

# corporate information

## BOARD OF DIRECTORS

### Chairman

Dato' Md Taib bin Abdul Hamid\*  
*DSDK*

### Executive Deputy Chairman

Dato' Teo Chiang Quan  
*DPTJ*

### Managing Director & Chief Executive Officer

Ong Keng Siew

### Members

Tan Sri Dato' Ahmad Sabki bin  
Jahidin\*

*PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK*  
*(Deceased on 15 September 2008)*

Dato' Haji Azlan bin Hashim\*  
*DSNS, DSSA*

Rohana Tan Sri Mahmood\*

Geh Cheng Hooi\*

Quah Chek Tin\*

\* Independent Non-Executive  
Directors

## SECRETARY

Tay Lee Kong  
*(MAICSA 772833)*

## REGISTERED OFFICE

Level 8, Uptown 1  
1, Jalan SS21/58,  
Damansara Uptown  
47400 Petaling Jaya,  
Selangor Darul Ehsan  
Telephone : 03-7712 3333  
Facsimile : 03-7712 3322  
Email : info@pcb.com.my  
Website : www.pcb.com.my

## REGISTRAR

PFA Registration Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Telephone : 03-2264 3883  
Facsimile : 03-2282 1886  
Email : is.enquiry@my.tricorglobal.com  
Website : www.tricorglobal.com

## AUDITORS

Ernst & Young,  
Chartered Accountants

## PRINCIPAL BANKERS

Malayan Banking Berhad  
  
EON Bank Berhad  
  
OCBC Bank (Malaysia) Berhad  
  
Alliance Bank Malaysia Berhad  
  
Hong Leong Bank Berhad  
  
RHB Bank Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

# board of directors'



**Dato' Md Taib bin  
Abdul Hamid**  
Chairman

**Dato' Teo Chiang Quan**  
Executive Deputy Chairman

from left:

Quah Chek Tin | Geh Cheng Hooi | Dato' Haji Azlan bin Hashim | Rohana Tan Sri Mahmood | Ong Keng Siew





# senior management



from left:

**Lim Hong Kheng**

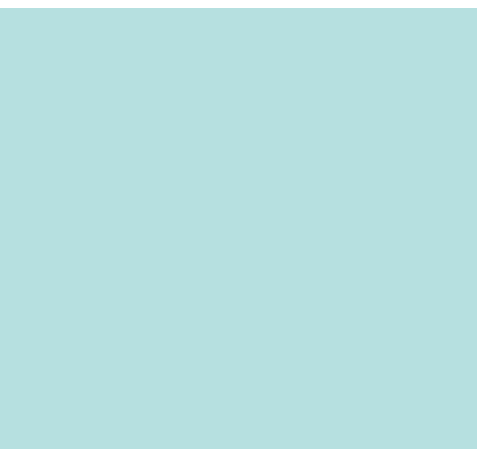
Group Human Resource Director &  
Executive Director  
KDU Management Development Centre  
Sdn Bhd

**Oh Keng Kooi**

Audit Director

**Tay Lee Kong**

Corporate Affairs Director



from left:

**Ong Keng Siew**

Managing Director &  
Chief Executive Officer

**Liew Yin Chew**

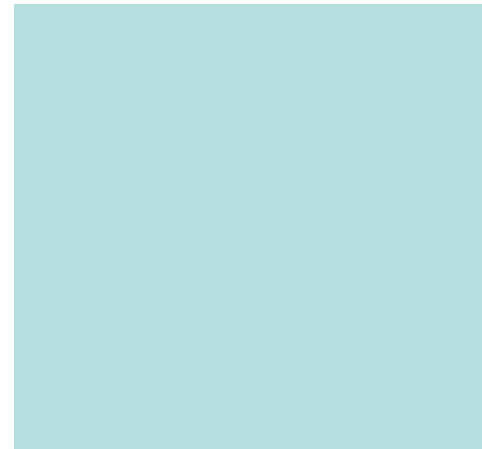
Managing Director  
Paramount Property (Utara) Sdn Bhd &  
Paramount Property Development  
Sdn Bhd

**Chuan Yeong Ming**

Managing Director  
Paramount Engineering &  
Construction Sdn Bhd

**Foong Poh Seng**

Group Financial Controller



from left:

**Eugene Yeoh Oon Hock**

Group IT Manager

**Dr Chia Chee Fen**

Chief Executive Officer  
KDU College Sdn Bhd  
&

Principal Officer KDU College Sdn Bhd  
– Petaling Jaya Campus

**Dr Chong Beng Keok**

Principal Officer  
KDU College Sdn Bhd – Penang Campus

**Teh Geok Lian**

Chief Executive Officer  
KDU Smart School Sdn Bhd





*innovation*



THE VALUE WE *Celebrate*  
AT EVERY LEVEL OF OUR COMPANY



**Innovation** is nothing more than the energy of people who see things in a new way. While it is a talent it can also be taught and passed down through the years. At Paramount, we have nurtured innovation as a corporate culture. It is the one value that has helped our core businesses move forward even as the world around us changed. Innovation is our driver.

*Fortieth*  
anniversary

# five year group financial highlights

|   | Year<br>31 Dec 2008<br>RM'000 | Year<br>31 Dec 2007<br>RM'000 | Year<br>31 Dec 2006<br>RM'000 | Year<br>31 Dec 2005<br>RM'000 | Year<br>31 Dec 2004<br>RM'000 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>REVENUE</b>  | <b>398,761</b>                | <b>300,078</b>                | <b>367,328</b>                | <b>502,819</b>                | <b>270,984</b>                |
| <b>EARNINGS</b>   |                               |                               |                               |                               |                               |
| Operating profit  | 59,238                        | 62,155                        | 82,742                        | 81,338                        | 35,159                        |
| Finance costs   | (2,418)                       | (2,599)                       | (5,470)                       | (6,816)                       | (3,932)                       |
| Share of profit of associates   | 3,157                         | 8,784                         | 5,103                         | 4,269                         | 4,710                         |
| Profit before tax   | 59,977                        | 68,340                        | 82,375                        | 78,791                        | 35,937                        |
| Income tax expense  | (15,939)                      | (16,556)                      | (18,784)                      | (23,127)                      | (12,589)                      |
| <b>Profit for the year</b>  | <b>44,038</b>                 | <b>51,784</b>                 | <b>63,591</b>                 | <b>55,664</b>                 | <b>23,348</b>                 |
| Attributable to:  |                               |                               |                               |                               |                               |
| Equity holders of the Company   | 41,993                        | 49,295                        | 61,867                        | 55,503                        | 23,571                        |
| Minority interests  | 2,045                         | 2,489                         | 1,724                         | 161                           | (223)                         |
|   | 44,038                        | 51,784                        | 63,591                        | 55,664                        | 23,348                        |
| Retained profits brought forward                                      | 272,797                       | 239,609                       | 189,101                       | 145,258                       | 129,039                       |
| Net profit for the year attributable to equity holders of the Company | 41,993                        | 49,295                        | 61,867                        | 55,503                        | 23,571                        |
| Foreign currency translation  | 1,057                         | (1,892)                       | 258                           | –                             | –                             |
| Dividends   | (14,379)                      | (14,215)                      | (11,617)                      | (11,660)                      | (7,352)                       |
| <b>Retained profits carried forward</b>                               | <b>301,468</b>                | <b>272,797</b>                | <b>239,609</b>                | <b>189,101</b>                | <b>145,258</b>                |
| <b>ASSETS EMPLOYED</b>  |                               |                               |                               |                               |                               |
| Property, plant and equipment   | 150,018                       | 142,597                       | 145,119                       | 146,193                       | 146,025                       |
| Land held for property development                                    | 208,181                       | 140,379                       | 163,416                       | 143,982                       | 164,166                       |
| Investment properties   | 13,121                        | 13,899                        | 14,830                        | 62,939                        | 58,194                        |
| Prepaid land lease payments   | 62,667                        | 17,144                        | 17,385                        | 17,627                        | 17,820                        |
| Intangible asset  | 15,674                        | –                             | –                             | –                             | –                             |
| Investment in associates  | 47,259                        | 44,090                        | 38,999                        | 35,335                        | 33,723                        |
| Other investments   | 485                           | 397                           | 397                           | 397                           | 370                           |
| Deferred tax assets   | 2,006                         | 1,097                         | 1,998                         | 2,139                         | 1,581                         |
| Net current assets  | 81,412                        | 135,907                       | 79,762                        | 67,325                        | 67,229                        |
| Long term borrowings  | (87,147)                      | (24,479)                      | (36,764)                      | (65,847)                      | (85,775)                      |
| Deferred tax liabilities  | (11,228)                      | (10,444)                      | (8,982)                       | (7,130)                       | (5,977)                       |
| Provision for retirement benefits                                     | –                             | –                             | –                             | (2,190)                       | (1,920)                       |
| Long term payables  | –                             | –                             | –                             | (38,901)                      | (77,802)                      |
| <b>Net assets</b>   | <b>482,448</b>                | <b>460,587</b>                | <b>416,160</b>                | <b>361,869</b>                | <b>317,634</b>                |

|   | Year<br>31 Dec 2008<br>RM'000 | Year<br>31 Dec 2007<br>RM'000 | Year<br>31 Dec 2006<br>RM'000 | Year<br>31 Dec 2005<br>RM'000 | Year<br>31 Dec 2004<br>RM'000 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>EQUITY</b>   |                               |                               |                               |                               |                               |
| Share capital   | 108,031                       | 107,563                       | 104,126                       | 103,579                       | 103,552                       |
| Capital reserves  | 4,044                         | 4,668                         | 2,317                         | 1,358                         | 1,181                         |
| Share premium   | 68,900                        | 68,322                        | 64,797                        | 64,180                        | 64,153                        |
| Retained profits  | 301,468                       | 272,797                       | 239,609                       | 189,101                       | 145,258                       |
| Equity attributable to equity holders of<br>the Company | 482,443                       | 453,350                       | 410,849                       | 358,218                       | 314,144                       |
| Minority interests                                      | 5                             | 7,237                         | 5,311                         | 3,651                         | 3,490                         |
| <b>Total equity</b>                                     | <b>482,448</b>                | <b>460,587</b>                | <b>416,160</b>                | <b>361,869</b>                | <b>317,634</b>                |

## FINANCIAL STATISTICS

(Per ordinary share of RM1 each)

|                                |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|
| Earnings before taxation (sen) | 55.60 | 64.39 | 79.30 | 76.09 | 34.70 |
| Earnings after taxation (sen)  | 38.93 | 46.45 | 59.56 | 53.60 | 22.76 |
| Dividends gross (sen)          | 21.00 | 16.00 | 15.50 | 18.00 | 9.00  |
| Dividend cover (times)         | 3     | 3     | 5     | 5     | 3     |
| Net assets (RM)                | 4.47  | 4.21  | 3.95  | 3.46  | 3.03  |



# chairman's statement

"Amidst turbulence and uncertainty in the global financial markets and the wider economy, the Group turned in a satisfactory set of operating results for 2008, comparable with that of the previous year."

## DEAR SHAREHOLDERS

It gives me great pleasure to present, on behalf of the Board of Directors, the Thirty-Ninth Annual Report of Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group).

Amidst turbulence and uncertainty in the global financial markets and the wider economy, the Group turned in a satisfactory set of operating results for 2008, comparable with that of the previous year. The Group's property division recorded a slightly lower performance due to losses incurred by the construction sector as a result of an escalation in raw material prices thus further eroding profit margins that are already low in an extremely competitive bidding environment. The lower performance of the property division were ameliorated thanks to yet another record-breaking performance by the educational services division, whose achievement of a compounded annual growth rate in profit before tax of 231% over the last five years is indeed commendable. However, due to a substantially lower share of profit from an associated company, the Group's overall financial performance for 2008 did not match or exceed that of the previous year.



## FINANCIAL PERFORMANCE

Profit before tax for the year ended 31 December 2008 was RM60 million, a decline of 12.2% compared with RM68.3 million recorded in the previous year. Net Profit for the year was RM44 million (2007:RM51.8 million). However, Group revenue for the year rose to RM398.8 million, an increase of 32.9% over last year's revenue of RM300.1 million.

Although Group profits were lower compared with the previous year, our financial position remained strong throughout the year. As at 31 December 2008, shareholders' fund increased to RM482.4 million (2007:RM453.3 million) and, correspondingly, Net Assets per share increased to RM4.47 (2007:RM4.21). Return on equity declined to 9% as at 31 December 2008 (2007:12%).

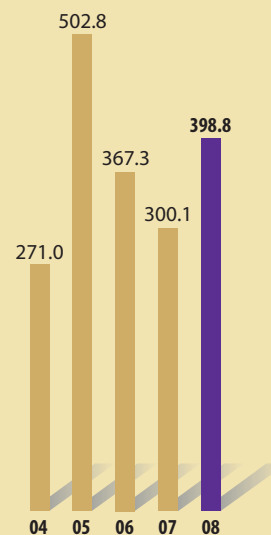
### Property division

The Group's core contributor, the property development sector registered a 36% increase in revenue during the year to RM233.7 million (2007:RM171.9 million). This was attributed to higher progressive billings registered on the Kemuning Utama development on the back of lock-in sales, in particular, from commercial properties sold in previous years, and good take-up rates on new launches. However, lower progressive billings on the Bandar Laguna Merbok development following lower sales achieved on limited products for offer from a depleting landbank hampered the division from registering a better performance. The construction sector, with 50% of its contracts from in-house projects, also recorded a 65% increase in revenue (net of inter-company transactions) to RM71.1 million (2007:RM43.1 million). The revenue (net of inter-company transactions) for the property investment sector was RM278,000 (2007:RM296,000). Overall, the division registered a 41.8% increase in revenue to RM305.1 million (2007:RM215.2 million).

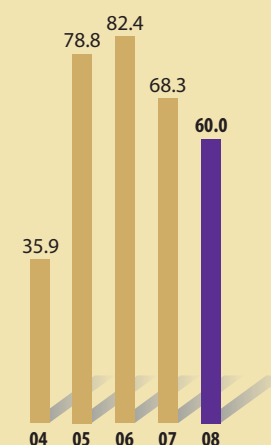
Despite the higher revenue recorded in the year, profit before tax for the property division declined marginally by 4.9% to RM37.1 million (2007:RM39 million) due to a pre-tax loss of RM1.2 million incurred by the construction sector, compared with a profit of RM4.4 million last year. On the other hand, the property development sector turned in a better performance to record a 6.4% improvement in profit to RM33.4 million (2007:RM31.4 million). Although the Kemuning Utama development achieved a higher profit of RM29.7 million, compared with RM23.2 million in the previous year, it was offset by a lower contribution of RM5.3 million from the Bandar Laguna Merbok development, whose contribution in the previous year of RM8.9 million was boosted by a RM2.3 million compensation for the compulsory acquisition of a school land by the State Government and a RM840,000 gain following the disposal of a piece of land approved for a petrol station. The property investment sector also recorded a higher profit of RM4.9 million (2007:RM3.3 million).

### Educational services division

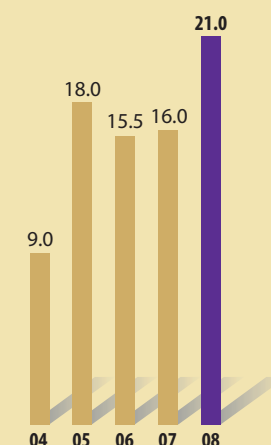
The educational services division continued to outperform, year on year. Higher student enrolment recorded by all sectors, except for the language center in China, resulted in a 10.9% growth in revenue to RM92.8 million (2007:RM83.7 million). Revenue for the primary and secondary school sector grew by 8.9% to RM31.9 million from RM29.3 million while revenue for the tertiary education grew by 11.1% to RM58.2 million from RM52.4 million.



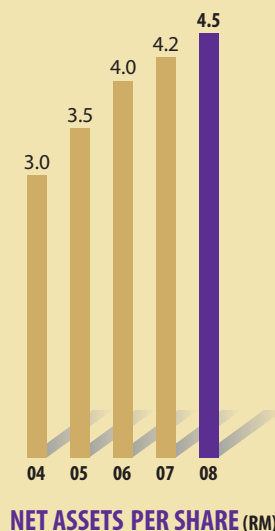
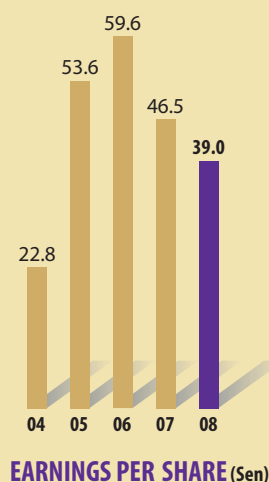
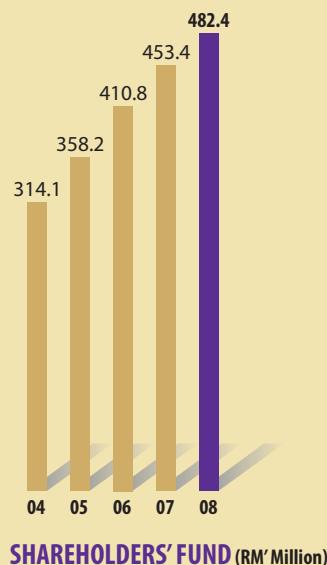
REVENUE (RM' Million)



PROFIT BEFORE TAX (RM' Million)



DIVIDENDS (Sen)



The Petaling Jaya campus managed to register a marginal growth in revenue to RM41.9 million despite maintaining the same enrolment levels due to space constraints (2007:RM39.7 million). However, revenue for the Penang campus grew by an impressive 28.3% to RM16.3 million (2007:RM12.7 million). Revenue for the post executive and professional development education sector also grew by 50% to RM2.1 million (2007:RM1.4 million). Revenue for the language center in Chongqing, China declined marginally by 6.2% to RM616,000 (2007:RM657,000).

The improved performance coupled with continued improvement in operational efficiency that resulted in operating cost savings saw the division recording a 10.2% increase in profit during the year to RM22.6 million (2007:RM20.5 million). The profit for the primary and secondary school increased by 8.5% to RM6.4 million (2007:RM5.9 million) while the profit for the tertiary education improved by 15% to RM18.8 million (2007:RM16.3 million). Profit for the Petaling Jaya campus improved marginally, by 2.2% to RM13.7 million from RM13.4 million while the Penang campus almost doubled its profits to RM5.1 million from RM2.9 million. The post executive and professional development sector saw a reduced loss before tax of RM279,000 (2007:RM634,000). The performance of the language center continued to deteriorate following the registering of a higher loss before tax of RM1.7 million (2007:RM1 million).

#### Investment

The Group's share of profit from its 20% investment in Jerneh Insurance Berhad (JIB) was lower at RM3.2 million (2007:RM8.8 million) due to a RM25.5 million provision for diminution of equities by JIB.

#### DIVIDENDS

The satisfactory results achieved for 2008 and the strong cash position of the Group allow the Board to maintain the progressive dividend policy as practised in recent years. For the financial year ended 31 December 2008, the Board is pleased to propose a final dividend of 8%, less tax at 25%, and a special dividend of 5%, less tax at 25%, to reward shareholders who have been supportive of the Group in commemoration of Paramount's 40th anniversary. Together with the interim dividend of 8%, less tax at 26%, the total dividend for the year of 21 sen per share is higher than the dividend of 16 sen per share paid the previous year.

#### CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

During the year, the Company acquired the remaining 15% equity of KDU College Sdn Bhd (KDU) not already owned by the Company comprising 353,000 ordinary shares of RM1.00 each from Cik Rohana Tan Sri Mahmood, a Director of the Company and KDU, for a total cash consideration of RM25 million. As a wholly owned subsidiary, the Company has the independence to expand the educational services business to capitalize on its future prospects. Paramount was able to consolidate in full the profits of KDU, thus providing an immediate additional income contribution to the Group. The transaction was completed on 9 October 2008.

It has been a quiet year for land acquisitions and the following outstanding acquisitions were completed during the year:

- Seleksi Megah Sdn Bhd, a wholly owned subsidiary, completed the acquisition of a parcel of the leasehold vacant industrial land known as Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 5.12

acres or 223.027 square feet for a total cash consideration of RM20,518,484, and the acquisition of a piece of leasehold vacant industrial land known as Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 4.33 acres or 188,615 square feet for a total cash consideration of RM19,410,790 on 12 November and 13 November 2008, respectively.

- ii) Supreme Essence Sdn Bhd, a 51% owned subsidiary, completed the acquisition of two parcels of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring approximately 13.21 acres or 575,471 square feet at a total cash consideration of RM30,773,550 on 22 September 2008.

On 15 January 2009, Broad Projects Sdn Bhd, a wholly owned subsidiary of Paramount, acquired the remaining 49% equity stake in Supreme Essence Sdn Bhd for a total cash consideration of RM15,190,000.

## PROSPECTS

The near term does not appear to be positive. Looking ahead, we envisage 2009 to be a difficult year and as such anticipate earnings to be lower than that of the previous year. We have to brace ourselves in facing various challenges in our businesses, including weak housing market sentiments and the growing concern of consumers in light of a gloomy economy outlook. We are, however, optimistic that affordable housing and educational needs will continue to grow and we will use our best efforts to respond to those needs.

2009 marks Paramount's 40th year anniversary. Leveraging on our long history and fundamental strengths, we are committed to grow and prosper the businesses of Paramount, organically and through new opportunities, for the next 40 years and beyond.

In conclusion, we are confident that our strong financial position will help us sustain our businesses despite economic uncertainties and to seize opportunities when the industries in which we operate rebound.

## ACKNOWLEDGEMENTS

On 1 December 2008, Paramount witnessed two important re-designations. Dato' Teo Chiang Quan, the Group Managing Director and Group Chief Executive Officer of Paramount since 1 January 1989, relinquished his post to assume the role of Executive Deputy Chairman. Dato' Teo has been an inspirational leader. He promoted a culture of empowerment, introduced best practices to achieve high standards and was the driving force behind the Group's commitment to superior customer service that has remained Paramount's greatest strength. Under his leadership, Paramount's revenue and profit before tax grew at compounded annual growth rates of 17% and 21%, respectively, with shareholders' fund ballooning to

RM482.4 million from RM118.9 million. On behalf of the Board members, senior management and staff, I wish to place on record my sincere thanks to Dato' Teo for his exemplary leadership and achievements, thus far. Dato' Teo will continue to oversee Paramount in his new position.

In his place, we have found a worthy successor in Mr Ong Keng Siew, who is a seasoned Paramount manager, fully committed to the vision and values that are at the heart of Paramount's business. He is also a CEO with an entrepreneurial drive having built the Group's successful property division. Dato' Teo has handed over the running of the business to Mr Ong at a time when the Group is in good shape and well positioned for the future. We are confident that Mr Ong will take the Group to a higher level.

As ever, our success is attributed to our people who, through their commitment, skill and hard work, have enabled us to continue to build upon our impressive track record. On behalf of my fellow Directors, I wish to express my sincere thanks to all the employees of the Group for their contributions in helping to record yet another excellent performance. The Board looks forward to working closely with the management team to achieve further success in a challenging business environment.

On behalf of my Board members, management and employees, I would like to pay tribute to our long time friend and board member, the late YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, who passed away on 15 September 2008. Tan Sri has always been engaging, supportive and challenging during his tenure – characteristics of a good independent director. He has been generous with his time and represented shareholders faithfully. He will be greatly missed.

Lastly, on behalf of the Board, I would like to express my sincere thanks and appreciation to our customers, shareholders and business associates for their tremendous support during the year. Thanks to their help and support, the Company remains in good shape and we look ahead with confidence to the next 12 months in Paramount's remarkable history. Once again, thank you for your continued support, trust and confidence in Paramount.

**Dato' Md Taib Bin Abdul Hamid**  
Chairman

WHEN INVESTORS BUY OUR PROPERTY,  
THEY *Celebrate* QUALITY







When people think of making a lifetime investment such as a home, they look for more than four walls. They look for **quality** on a holistic level, the same philosophy that Paramount has embraced in its property business. To us, a unit of property should be a doorway that leads to a rich and satisfying life. It is a belief that has been rewarded by the industry awards we have won for our work in property development.

*Fortieth*  
anniversary





## review of operations

"In deciding how and where to allocate capital and resources, we will study our existing businesses and plans with the objective of consolidating or exiting certain markets, and even take the opportunity to sell our non-core assets in order for us to focus on those business that offer the most long- term growth potential and whose capabilities are strongest."

The year under review recorded an important milestone in the history of Paramount Corporation Berhad (Paramount). After serving 20 years at the helm of the Paramount group of companies (the Group), I made an important decision to relinquish my post as Managing Director & Chief Executive Officer on 1 December 2008 in order to execute a planned handover of leadership and to spend more time with my family. As such, this will be my last CEO's review as I have handed over the reins of the Group to my worthy successor, Ong Keng Siew, who has been the Deputy CEO since 1997. Given his capabilities and proven track record throughout the Group, it is heartening to note that Keng Siew commands the respect and confidence of all his colleagues.

My decision to relinquish my post comes at a time when the Group is on a strong financial footing with excellent prospects to succeed in the future. This has enabled the facilitation of a smooth and harmonious transition without any interruptions to the Group's core businesses, as evidenced by our satisfactory result for the year.

I will continue to oversee the Group's business in my new role as Executive Deputy Chairman. It is a role that I look forward to as I intend to work with fellow board members on several issues including good corporate governance, growth strategies and the key direction the Group should take to ensure sustainable and profitable growth through 2009 and beyond that are central to creating value to our stakeholders.

We faced many challenges in 2008, particularly in the second half of the year due to the effects of an economic downturn that saw the housing market coming under great pressure. Low levels of consumer confidence, reduced affordability, extensive new and existing home supplies, reduced access to mortgage financing and competitive pricing adversely affected demand for new homes. In the light of such a gloomy scenario, we undertook several measures that helped generate cash and preserve liquidity, limit investments, minimise unsold houses, ensure efficient allocation of capital, and reduce overheads. Our strong cash position at the end of the year clearly vindicates our proactive approach in rising to the challenge in such an unprecedented and tough economic environment.

Operationally, we continued to focus on what we have always done best, namely, to build quality homes that meet the needs of a growing and ever changing population and provide quality and relevant education to discerning students and working adults. There has been an increase in customer satisfaction based on surveys that are regularly conducted and closely monitored and this bears testament to the ongoing success of our core businesses.

The performance of our educational services business was most heartening, with many of the sectors within the division registering growth, both in revenue and profitability. It is indeed comforting news that we are operating a profitable educational services division that remains an important source of recurring income, especially in a very extremely challenging economic environment.

## PROPERTY DIVISION

### Property Development

Our most compelling strength lies in our ability to not only understand the discerning needs of our homebuyers – first-time owners and those who wish to upgrade – but equally meet their expectations through the delivery of quality and affordable homes. A case in point is our Kemuning Utama-Western Precinct development in the Klang Valley that saw a take-up rate of 373 units with a sales value of RM128 million, closely matching the previous year's sales of 375 units with a sales value of RM130.4 million.



To mitigate the risk of holding unsold stocks, only 145 new units were launched during the year. To-date, we have launched a total of 2,578 units, of which 2,438 units with a sales value of RM993.1 million have been sold as at 31 December 2008.

The MS ISO 9001:2000 Certification for "Development of Residential & Commercial Properties" enhanced with Value Management Quality System processes, that was initiated last year for the Kemuning Utama project was attained as scheduled during the year. That these processes will further enhance the delivery of quality products and services reflects our unwavering commitment to providing superior customer satisfaction.

With limited products available for offer from a depleting land bank, our Bandar Laguna Merbok (BLM) development in Sungai Petani did not live up to management's expectations. BLM recorded lower sales of 212 units with a value of RM46 million during the year compared to 252 units with a sales value of RM48.2 million in 2007.

Only 178 units were launched during the year bringing the total number of units launched to-date at BLM to 3,626, of which 3,480 units with a sales value of RM629.0 million have been sold as at 31 December 2008.

BLM, which has long been a market leader in the 2-storey terrace houses category, continued to maintain a 42% market share, despite the low sales recorded.

Our plans to ameliorate the lower revenue from the tail end of the BLM development in the Northern operations by continuing our development activities on the newly acquired 515-acre mixed development township project did not take off as scheduled. The launch of the project, Banyan Hills in Amanjaya, Sungai Petani, was delayed due to a change in state government and its policies. We however managed to overcome this temporary setback



and, barring any further unexpected state government policy changes, the first phase of this new township will be launched at the end of 2009 or early 2010.

Given the softening in the commercial real estate market, we took an early and decisive action to defer the development of a twin 18-storey office Tower Block on the newly acquired commercial property land in Section 13, Petaling Jaya until either a full or partial pre-letting or sale of one of the blocks is achieved.

We will, however, proceed with the launching of our commercial property - two parcels of a newly acquired 13.2-acre landbank located on Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara - by the first quarter of 2009 after having identified, analyzed and mitigated all

the risks associated with the development. The development, Surian Industrial Park, comprises 38 innovatively designed 2-storey semi-detached industrial units complete with a boutique concept facade and industrial features is an ideal address for many businesses including corporate offices, showrooms/warehouses, light and clean manufacturing activities and a host of small and medium enterprises. What makes this development an ideal investment choice with upside potential is its strategic location in the heart of a thriving business community and property hotspot, and easy accessibility via the LDP, NKVE, Sprint Highway and Batu Tiga-Sungai Buloh road, and close proximity to the Kota Damansara interchange and the proposed Kota Damansara-Cheras LRT station. Similar properties in the vicinity - Selangor Science Park, Sunway Damansara Technology Park and Sunsuria - have all increased in value over a short period of time.

### **Construction**

The construction sector increased its revenue substantially in 2008 due to a higher number of contracts secured from external projects. The success of the sector was primarily due to its ability to secure repeat work from satisfied clients through the delivery of quality workmanship and good customer service by a well trained and experienced workforce. Profit margins were, however, adversely impacted by a continuing escalation in raw material prices that led to the sector incurring an unexpected loss during the year.

Competition in the marketplace is expected to remain intense, as developers adopt a cautious stand with some resorting to deferring projects in the current economic climate. It is hoped that the stimulus packages announced by the Government in 2009 will provide the much-needed boost to an already lagging industry.

We will continue to mitigate our exposure by entering into joint ventures with property developers and landowners and actively pursue fee-based project management/construction services activities by spreading our geographical presence beyond the Northern region to the Klang Valley.

### **Property Investment**

The activities of the property investment sector are primarily rental income derived from the college campus and primary and secondary school that are let to related companies from the educational services division.

During the year, the sector reviewed its property rentals to bring them in line with market rates, resulting in an increase in rental by 21% to RM9.3 million. This represents a gross rental yield of 11.9% on the Net Book Value of the property investments of the sector of RM78.3 million as at 31 December 2008 or 7.1% based on the market value of the properties amounting to RM131.4 million as per independent valuations conducted.

## EDUCATIONAL SERVICES DIVISION

### Primary and Secondary School

2008 was another good year for our primary and secondary school, Sekolah Sri KDU (Sri KDU), due to continuing student, revenue and profit growth. The examination results for our first batch of International Baccalaureate Diploma Programme (IBDP) students were very encouraging while the results for our Ujian Pencapaian Sekolah Rendah (UPSR) and Penilaian Menengah Rendah (PMR) students continued to improve over the previous year. We were successful in accomplishing the initial goals of our Blue Ocean Strategy (BOS) initiative "Malaysian Hearts, Global Minds", that was implemented during the year.

Despite the increasing pressure on enrolment caused by the economic downturn that was more apparent in the second half of 2008, student enrolment increased from 2,311 in the previous year to 2,325 by the end of 2008.

Our first IBDP intake of 38 students sat for their examinations in November 2008. Results were encouraging with 16% of the students meeting the general minimum entry guideline of 40 points required by most Ivy League Universities. UPSR and PMR students continued to excel with 62% of the UPSR candidates scoring four A's and above, an improvement of 10% over the previous year and 38% of PMR candidates scoring seven A's and above, thus setting a new record at Sri KDU. The achievements of our students mirror Sri KDU's philosophy where the focus is not in preparing students for examinations but one that espouses a holistic approach to education that centres on the broader development of students. Good examination results will naturally follow.

Sri KDU's reputation was further boosted when four of its students were awarded Asean Scholarships to study at the prestigious Anglo-Chinese School in Singapore. Our students also continue to excel in sports events on an international level and they include golf, karting and chess.

Our BOS initiative "Malaysian Hearts, Global Minds", which was successfully implemented during the year, was well received, thus adding yet another product differentiation for discerning customers. This initiative places emphasis in developing students to possess the skills and competencies to be globally competitive, while inculcating key Malaysian values such as compassion, diligence, self motivation, adaptability and graciousness.

In light of the global financial crisis, we took an early and decisive action to re-assess the implementation of our Iskandar Development Region project, the development of our first school outside the Klang Valley.

### Tertiary Education

In 2008, KDU College commemorated its Silver Jubilee celebrations on the back of a 25-year track record as a premier private education provider. The year also saw a healthy growth in student population of almost 4 per cent, from a record high of 5,035 in 2007 to 5,217 in 2008. This increase in student enrolment is largely attributed to the stellar improvement achieved by the Penang campus and the Petaling Jaya campus registering an increase in international students.

During the year, we continued to focus on improving academic and operational effectiveness. Recognising that academic and industry partners are critical to the success of the college, we identified and built mutually rewarding academic partnerships with more overseas and local



partners. The establishment of new partnerships with Keele University and University of Hertfordshire from the United Kingdom and Universiti Sains Malaysia fuels our drive to continually increase our knowledge and resource base. As a result of our new strategic partnerships, we are able to offer new Business, Mass Communication and Nursing degree programmes.

KDU College has also found support from the various industries whose captains serve as members on its Academic Advisory Board. These independent resource panelists have provided useful insights on industry trends and advice further on improving the academic curriculum to ensure that our curriculum is in tandem with industry



development and the relevancy to employment market. This has helped create further brand differentiation and sharing of best practices. For instance, our Petaling Jaya campus is preparing to conduct the first of its kind Diploma in Golf Management programme in collaboration with a premier player in the golf industry. On the other hand, the Centre for English Studies at our Penang campus is actively developing and sustaining new partnerships with industry by conducting corporate training programmes for employees of numerous local and multinational companies in the Silicon Valley of Penang. The centre also conducted Professional English courses to a group of supreme judges from the High Court of Mongolia.

KDU College delivers quality through superior learning methodologies and real-time experience. Our students are taught beyond subject specialisations and provided with

campus following clear-cut systematic procedures by management, academic and administrative staff. The college is now ready for an upgrade to the more stringent MS ISO 9001-2008 standard that will further strengthen its business systems. At the point of writing, the Petaling Jaya campus has just successfully completed an audit exercise in April 2009 to be upgraded. This and other collaborative efforts will enable the two campuses to learn from one another and in the process save costs.

Efforts are being made to establish a strong alumnus from an existing pool of 45,000 graduates that the college could tap a second generation of KDU students whose parents are KDU alumni.

#### Post Executive and Professional Development

Following the restructuring exercise that was undertaken last year to reduce overheads, KDU Management Development Centre (KMDC)'s first full year under a low cost structure saw the sector recording its best performance since its inception.

During the year, we continued to collaborate with two internationally renowned business schools, Wharton Business School and HAAS Business School, to hold KMDC's World Executive Series that was facilitated by professors from these institutions. We also engaged popular freelance speakers to complement our public executive education programmes.

The Certified Financial Planning programme continued to perform well, recording healthy growth trends in student enrolments for the two intakes in 2008. KMDC has captured a sizeable market share while maintaining the quality of the programme. Good examination results that were achieved bear testimony to the quality of training provided by KMDC.

#### Overseas English Language Center

The performance of our overseas English Language center could not be sustained. Despite growing student numbers and revenue, our losses continued to widen. As a consequence, we implemented a broad restructuring plan to reduce staff overheads, and selling, general and administrative expenses. We are monitoring the activities of the center closely and, in the meanwhile, the tertiary education sector is exploring the viability of working together with the center to reap synergistic benefits for both operating units.

#### OUR PEOPLE, OUR STRENGTH

We are fortunate in Paramount to have strong management teams in each of the Group's businesses that are led by experienced Chief Executives and supported by a central management team, all of whom are committed to the continued development of the Group. It is a privilege for me to work with such highly skilled and motivated individuals, and I offer them my appreciation for their continued dedication and support.



invaluable input through additional modules in language, information literacy, personal and professional development to distinguish them as job-ready graduates who are committed to life-long learning. As part of the student learning experience, a molecular laboratory was set up at the Petaling Jaya campus at a cost of approximately RM1 million. The laboratory offers a module on molecular cooking at Diploma level, the first of its kind new-age culinary programme under the School of Hospitality, Tourism, and Culinary Arts. The module is led by Heiko Antoniewicz, a renowned Master Chef from Germany.

Operationally, the college will continuously evaluate processes and systems to identify opportunities for improving our services or to decrease costs. The Penang campus officially received its MS ISO 9001-2000 certification in May 2008 that enabled the campus to synchronise daily processes with that of the Petaling Jaya



As the economic downturn continues, the depth and duration of which is uncertain at this point in time, I remain optimistic that our people will see us through these trying times. Their diligence and belief in our shared vision remains the key to our long-term sustainability. In this respect, our human capital strategy initiated last year to attract and retain the highest caliber people with the appropriate experience crucial to the long term growth of the Company couldn't have been more timely. The action plans that have been put in place will motivate employees to come together to address immediate challenges and to work toward common goals that will benefit us when the economy recovers.

## FORWARD

2009 will be a difficult year. You can expect caution and discipline to be two guiding principles as we operate through this cycle. Though we may not be able to determine the end of this cycle, we know that it will eventually bottom-out and that a rebound will follow.

In deciding how and where to allocate capital and resources, we will study our existing businesses and plans with the objective of consolidating or exiting certain markets, and even take the opportunity to sell our non-core assets in order for us to focus on those businesses that offer the most long-term growth potential and where our capabilities are strongest.

We are reassured by the long-term prospects of the property development industry that remain bright. Favourable demographics and continuing population growth in our existing markets should provide a steady pool of buyers. In addition, the Malaysian housing market has strong underlying fundamentals – the motivation to own a home is a seemingly inherent part of our culture. Also, interest rates are currently at historic lows and the various stimulus packages announced by the government should stabilise the economy.

The educational services division is generally more resilient in an economic downturn, but we do not believe that it will be immune when the downturn becomes severe and our customers suffer. However, we believe that the inherent demand for learning is significant and that the will to invest in education still remains widespread and enduring.

To our customers and shareholders, I thank each and every one of you for the trust that you have placed in us. You can be assured that we remain committed to delivering to quality homes and educational services. Equally, we will be attentive to exercising prudent capital allocation and above-reproach ethical behavior in the conduct of our business.

Looking ahead, I am confident that our healthy mix of business that has put us in a strong financial position remains the key to our long-term growth and success, and the gateway to the continuous delivery of value to shareholders.

## CONCLUSION

As mentioned at the outset, this is my last CEO's review, and it comes at a time when we are celebrating our 40th anniversary. Such an important and a major milestone in our corporate history should be given its due recognition. Thus it is only fitting that I place on record my sincere thanks and profound appreciation to each and every employee of the Group, both past and present. Your efforts have made us become a truly homegrown brand that evolved as a success story in helping to enhance the lifestyle of markets we serve through the delivery of quality homes and world class education.

As I look ahead to our Company's next 40 years and beyond, I am proud of the talented team we have in place. Given their combined strengths, I believe that Paramount is well positioned to seize greater opportunities in the future.



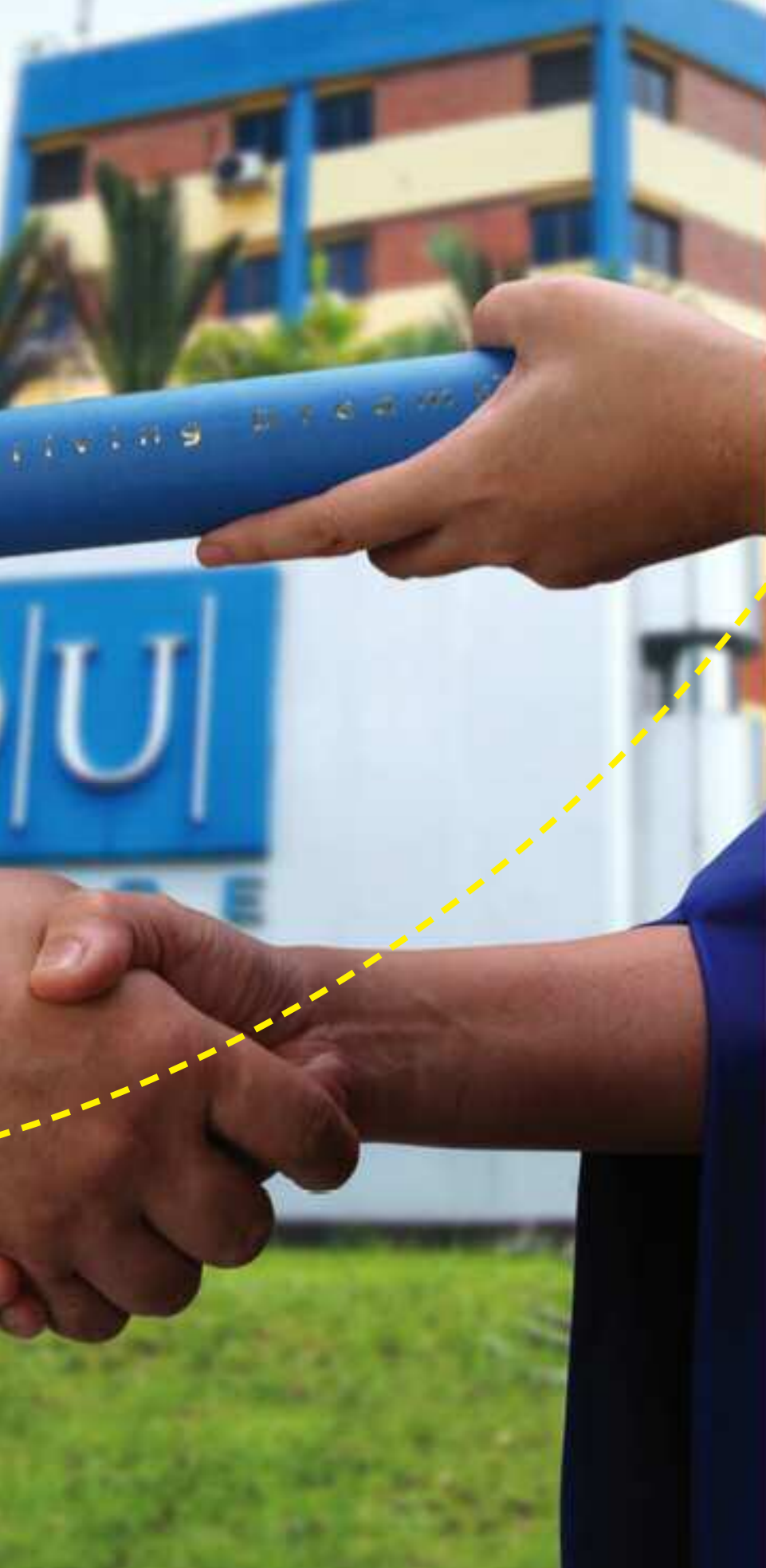
To my fellow Board members, thank you for your wise counsel, support and guidance during my tenure as Chief Executive Officer. I look forward to a strengthening of relationships in my new position.

**Dato' Teo Chiang Quan**  
Executive Deputy Chairman

A close-up photograph of a person wearing a black graduation gown and a white shirt cuff. They are holding a blue torch with a gold band that has "KDU" and "EST. 1982" written on it. In the background, a blue sign with "K/D" is visible, and there are green trees and a grassy field. A yellow dashed line runs horizontally across the middle of the image.

SHAPING NEW TALENTS

IS A *Celebration*  
WE ENJOY EACH YEAR



**Knowledge** is one of the most powerful tools in improving the quality of peoples' lives. To us Education is the most noble of professions for the impact it has in lifting the human condition. Our investments in Education have been dedicated to offering young adults the best possible foundation for their chosen professions, to give them every advantage in improving themselves, and to enable them to contribute meaningfully to society.

*Fortieth*  
anniversary

# notice of thirty-ninth annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Ninth Annual General Meeting of the Company will be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 20 May 2009 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

- |  |                     |
|--|---------------------|
| 1. To receive and consider the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.   | <b>Resolution 1</b> |
| 2. To approve the declaration of a final dividend of 8%, less income tax at 25%, and a special dividend of 5%, less income tax at 25%, in respect of the year ended 31 December 2008.  | <b>Resolution 2</b> |
| 3. To re-elect the following Directors who retire pursuant to Article 119(a) of the Company's Articles of Association:   |                     |
| (a) Cik Rohana Tan Sri Mahmood   | <b>Resolution 3</b> |
| (b) Mr Quah Chek Tin   | <b>Resolution 4</b> |
| 4. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:   |                     |
| (a) "That YBhg Dato' Md Taib bin Abdul Hamid, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." | <b>Resolution 5</b> |
| (b) "That Mr Geh Cheng Hooi, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."                  | <b>Resolution 6</b> |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 7</b> |

## AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to Directors to issue shares

"That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the

capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being.”

#### Resolution 8

#### By Order of the Board

**TAY LEE KONG**  
Secretary

Petaling Jaya  
Selangor Darul Ehsan  
28 April 2009

#### NOTES

##### Appointment of Proxy

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the above meeting.

##### Explanatory Notes on Special Business

1. The Ordinary Resolution proposed under item 6, if passed, will renew the powers given to the Directors at the last Annual General Meeting, authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

#### NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of the shareholders, a final dividend of 8%, less income tax at 25%, and a special dividend of 5%, less income tax at 25%, in respect of the year ended 31 December 2008, will be paid on 15 June 2009 to shareholders whose names appear in the Record of Depositors on 29 May 2009.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositor’s securities account before 4.00 p.m. on 29 May 2009 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.



# statement accompanying notice of annual general meeting

## 1. Details of the Directors who are standing for re-election:

The Directors retiring by rotation pursuant to Article 119(a) of the Company's Articles of Association and seeking re-election are as follows:

- Cik Rohana Tan Sri Mahmood
- Mr Quah Chek Tin

The Directors who are over the age of seventy and seeking re-appointment are as follows:

- YBhg Dato' Md Taib bin Abdul Hamid
- Mr Geh Cheng Hooi

The details of the four Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 10 to 11 and the shareholdings of the Directors in the Company are the same as that stated on page 33.

# proxy form



I/We \_\_\_\_\_

of \_\_\_\_\_

being a Member/Members of Paramount Corporation Berhad hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Thirty-Ninth Annual General Meeting of the Company to be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 20 May 2009 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 3) for or against the resolutions to be proposed at the meeting as hereunder indicated.

|  | For | Against |
|--|-----|---------|
| Resolution 1      Reports and Financial Statements                         |     |         |
| Resolution 2      Final & Special Dividend                                 |     |         |
| <b>Re-election and re-appointment of Directors:</b>                        |     |         |
| Resolution 3      Cik Rohana Tan Sri Mahmood                               |     |         |
| Resolution 4      Mr Quah Chek Tin   |     |         |
| Resolution 5      YBhg Dato' Md Taib bin Abdul Hamid                       |     |         |
| Resolution 6      Mr Geh Cheng Hooi  |     |         |
| Resolution 7      Re-appointment of Auditors and to fix their remuneration |     |         |
| Resolution 8      Authority to Directors to issue shares                   |     |         |

Dated this \_\_\_\_\_ day \_\_\_\_\_ 2009.

|                    |
|--------------------|
|                    |
| NO. OF SHARES HELD |

Signature/Common Seal

## 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. The proxy form 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.
3. Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. The proxy form 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.

Fold along this line (1)

Please  
Affix  
30 sen Stamp

The Company Secretary  
**PARAMOUNT CORPORATION BERHAD** (8578-A)  
Level 8, Uptown 1  
1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

Fold along this line (2)

**Annual Report 2008**

**To : PFA Registration Services Sdn Bhd**  
Share Registrar

**Form to request for printed copy of 2008 Annual Report \***

Please send to me/us a printed copy of the 2008 Annual Report.

Name of Shareholder : \_\_\_\_\_

NRIC : \_\_\_\_\_

Company No. : \_\_\_\_\_

CDS Account No. : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

Contact No. : \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

For any enquiries, please contact Ms Samantha Goh :  
Tel : 603 2284 3883 and Fax : 603 2282 1886  
Email : Samantha.Goh@my.tricorglobal.com

\* The Company shall forward you the printed copy within four (4) market days from the date of receipt of your request.

Fold along this line (1)

Please  
Affix  
30 sen Stamp

The Registrar  
**PFA Registration Services Sdn Bhd** (19234-W)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Fold along this line (2)