

PARAMOUNT CORPORATION BERHAD
(Company No. 8578-A)

Minutes of the **Extraordinary General Meeting** of Paramount Corporation Berhad (**Paramount or the Company**) duly held at Ballroom 1, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 10 July 2019 at 10.30 a.m.

DIRECTORS PRESENT

DATO' TEO CHIANG QUAN	(Chairman/Executive Director)
MR CHEW SUN TEONG	(Group Chief Executive Officer/ Executive Director)
DATO' ROHANA TAN SRI MAHMOOD	(Independent Non-Executive Director)
MR ONG KENG SIEW	(Independent Non-Executive Director)
MR QUAH POH KEAT	(Independent Non-Executive Director)
PUAN FATIMAH BINTI MERICAN	(Independent Non-Executive Director)

ABSENT WITH APOLOGY

DATUK SERI YAM KONG CHOY	(Senior Independent Non-Executive Director)
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SHAREHOLDERS PRESENT AS PER THE ATTENDANCE LIST

IN ATTENDANCE

MS NG WAI PENG	(Secretary)
MR TOMMY HAR	(Representatives of RHB Investment Bank Berhad)
MS MICHELLE LIM	
MS JEANNE LIM WAI PENG	
MR GAN SEONG KEAN	
MR KENNETH CHOONG	
MR SIA CHING HWEE	
MR CARTER NG CHUN KEAN	
MS GAN KOK LING	(Representatives of Adnan Sundra & Low)
MR JERRY TIEW	
MS YEAT SOO CHING	(Representatives of Chooi & Company + Cheang & Ariff)
MS YONG CHUI WEN	
MS NG YEE YEE	(Representatives of Ernst & Young)
MR RYAN WONG HING YEE	
MS TAN TIEN YEE	(Representative of PricewaterhouseCoopers Taxation Services Sdn Bhd)
MR CHOY YUE KWONG	(Representative of Rahim & Co International Sdn. Bhd)

CHAIRMAN OF THE MEETING

Dato' Teo Chiang Quan, the Chairman of the Board of Directors (**the Board**), took the Chair, and he welcomed all shareholders, corporate representatives and proxy holders to the Extraordinary General Meeting of the Company (**the EGM or the Meeting**).

Before proceeding to consider the items on the agenda, the Chairman informed the Meeting that representatives of RHB Investment Bank Berhad, Adnan Sundra & Low, Chooi & Company + Cheang & Ariff, Ernst & Young, PricewaterhouseCoopers Taxation Services Sdn Bhd, and Rahim & Co International Sdn. Bhd were in attendance at the Meeting to assist the Board in providing further clarification, if necessary, on the four corporate proposals, as presented in the Circular to Shareholders dated 17 June 2019 (**the Circular**).

QUORUM

The Secretary, upon the request of the Chairman, confirmed that the requisite quorum was present for the holding of the EGM. There being a quorum present, the Chairman declared the Meeting opened.

PROXIES AND CORPORATE REPRESENTATIVES

The Secretary informed the Meeting that 152 proxy forms and six certificates of appointment of corporate representatives covering a total of 241,974,175 ordinary shares and representing 55.84% of the issued share capital of the Company had been received, and a schedule of those appointments was tabled for inspection by the Chairman.

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

NOTICE OF THE MEETING

The notice convening the Meeting dated 17 June 2019 (**the Notice**), having been sent to all members of the Company, together with the Circular, and advertised in the News Straits Times daily newspaper on 17 June 2019 and duly released to Bursa Malaysia Securities Berhad (**Bursa Securities**) was, with the permission of the Meeting, taken as read.

VOTING

The Chairman informed the shareholders that as required under Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the EGM would be conducted by poll.

He further informed the Meeting that the Company had appointed the Share Registrar, Tricor Investor & Issuing House Services as the Poll Administrator and Asia Securities Sdn Bhd as the Poll Scrutineer to validate the poll results.

The Chairman also announced, with the permission of the Meeting, that polling would be conducted upon the conclusion of all deliberation on the following proposed ordinary resolutions as stated in the Notice:

Ordinary Resolution 1 – Proposed Transaction

Proposed sale by wholly-owned subsidiary companies of Paramount:

- (i) KDU University College (PG) Sdn Bhd (**KDUPG**) to Dynamic Gates Sdn Bhd (**DGSB**) of:
 - (a) the Jalan Anson Campus Properties;
 - (b) the Batu Kawan Campus Properties; and
- (ii) KDU University College Sdn Bhd (**KDUUC**) to DGSB of the Utropolis Glenmarie Campus Properties.

Ordinary Resolution 2 – Proposed Issue of Bonus Shares

Proposed bonus issue of up to 180,045,328 new ordinary shares as bonus shares on the basis of two bonus shares for every five existing ordinary shares held in the Company

Ordinary Resolution 3 – Proposed Issue of Free Warrants

Proposed issue of up to 180,045,328 free warrants in Paramount on the basis of two warrants for every five existing ordinary shares held in the Company

Ordinary Resolution 4 – Proposed Disposal

Proposed disposal of equity interests in KDUUC, KDUPG and KDU College (PJ) Sdn Bhd by the Company to UOWM Sdn Bhd

TABLING OF PROPOSED RESOLUTIONS

To facilitate the smooth conduct of the Meeting, the Chairman proposed and Mr Chew Sun Teong seconded that all four proposed ordinary resolutions be taken as read and deemed as tabled consecutively for deliberation, and there was no objection to the said proposal.

PRESENTATION ON THE FOUR CORPORATE PROPOSALS

To facilitate deliberation, Mr Chew Sun Teong, the Group Chief Executive Officer (**CEO**) of the Company, briefed the Meeting on the four corporate proposals through a power-point presentation, covering the background, overview, rationale, basis in arriving at the total sale consideration, the conditions precedent items, utilisation of proceeds and tentative timeline for completion of the proposals

QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP

Questions raised by the Minority Shareholders Watch Group (**MSWG**) in its letter dated 26 June 2019, and the Company's response to those questions were then presented to the Meeting, as follows:

Question 1

The Group will record a proforma gain on disposal of RM20.214 million as reported on page 55 of the Circular.

What are the disposal gains from KDU University College (**KDUUC**), KDU University College (PG) (**KDUPG**) and KDU College (PJ) (**KDUPJ**) respectively?

Paramount's Response

The proforma gains derived from the disposal of KDUUC, KDUPG and KDUPJ are set out below:

Subject Company	Gain on disposal RM' million
KDUUC	7.9
KDUPG	25.3
KDUPJ	1.7
Less: Goodwill on consolidation	34.9 (14.7)
Total gain on disposal to Paramount Group	20.2

Question 2

Why were three different valuation methods used in the disposal of KDUUC, KDUPG and KDUPJ (page 48 of the Circular)?

- The sales consideration of RM16 mil for the 65% equity interest in KDUUC is based on 1.3 times of KDUUC's adjusted net assets of RM18.7 mil as at 31 December 2017 after taking other adjustments into consideration.
- The sales consideration of RM22 mil for the 65% equity interest in KDUPG is based on nine (9) times of KDUPG's adjusted EBITDA of RM3.707 mil registered for the FYE 31 December 2017 and after adjustment for net liabilities.
- The sales consideration of RM0.5 mil for the 70% equity interest in KDUPJ is based on KDUPJ's licence to operate a college business after taking into consideration its adjusted net liabilities of RM1.2 mil as at 31 December 2018 and after other adjustments.

Paramount's Response

In arriving at the disposal consideration for KDUUC, KDUPG and KDUPJ, both Paramount and UOWM Sdn Bhd (**UOWM**) have considered, firstly, the adjusted earnings before interest, taxes, depreciation, and amortisation (**EBITDA**) of these companies for the financial year ended (**FYE**) 31 December 2017 (**FY2017**).

Given that both KDUUC and KDUPJ recorded adjusted loss before interest, taxes, depreciation, and amortisation (**LBITDA**) of RM9.0 mil and RM4.6 mil for FY2017, respectively, both Paramount and UOWM had then considered the adjusted net assets of these companies, where applicable.

However, for KDUPJ which recorded adjusted net liabilities of RM1.2 mil as at 31 December 2017, both Paramount and UOWM have then considered, amongst others, KDUPJ's licence to operate a college business in arriving at the disposal consideration.

Question 3

The total Lease Rental Payments (**LRP**) for the 7 years is RM92,131,200 while the tenure of the Cumulative Redeemable Non-Convertible Preference Shares (**CRNCPS**) is 8 years (page 84 of the Circular).

- a) Why is the LRP for the period of 7 years only and not 8 years to coincide with the tenure of the CRNCPS?
- b) It appears that the total LRP is insufficient to redeem the RM140 mil CRNCPS issued? Please explain.

Paramount's Response

- a) We wish to clarify that the total LRP for the 7 years is RM107,927,400.

As explained on page 84 of the Circular, the 7-year lease period was to be in line with the expected tenure of the Medium Term Notes (**MTNs**) to be issued by Dynamic Gates Sdn Bhd (**DGSB**) in relation to the Securitisation Exercise.

The tenure of the CRNCPS is one year longer than the lease period as the redemption of the CRNCPS is subject to DGSB discharging all of its financing obligations under the MTNs.

- b) We wish to clarify that the CRNCPS amounts to RM126 million consisting of 126,000,000 CRNCPS at an issue price of RM1.00 per CRNCPS.

The CRNCPS will be redeemed by DGSB from funds available to it comprising the remaining balance of LRP (after deducting interest expenses and other expenses incurred by DGSB) and the proceeds from the disposal of the Subject Campus Properties (after meeting all of its financing obligations under the MTNs).

Question 4

What was the valuation method used by the Company when it acquired the R.E.A.L. Education Group Sdn Bhd (**REALEGSB**)?

Is the valuation method used when disposing KDUUC, KDUPG and KDUPJ different from the method used in the acquisition of REALEGSB? If yes, why?

Paramount's Response

The purchase consideration was arrived at based on an EBITDA multiple.

Similarly, an EBITDA multiple was used for KDUPG. In the case of KDUUC and KDUPJ which have negative EBITDA, net assets were considered.

QUESTIONS FROM THE FLOOR

The Chairman then invited questions from the floor, and several questions were raised by the shareholders. The questions together with the respective answers, which were addressed by the Chairman and Group CEO to the satisfaction of the shareholders, are appended in Annexure I annexed hereto.

POLLING PROCESS

Having tabled all four proposed ordinary resolutions and there being no further questions from the floor, the Chairman called upon the representative of the Poll Administrator to brief the Meeting on the polling procedures.

Upon conclusion of the briefing, the Chairman announced the commencement of polling, and shareholders proceeded to the e-voting kiosks to cast their votes.

ANNOUNCEMENT OF POLL RESULTS

Upon conclusion of the poll, the poll results as tabulated by the Poll Administrator and validated by the Poll Scrutineer were presented to the shareholders, as follows:

i) Resolution 1 to approve the Proposed Transaction:

Votes for the motion		Votes against the motion	
No of shares	%	No of shares	%
250,969,655	100.000	0	0

ii) Resolution 2 to approve the Issue of Bonus Shares:

Votes for the motion		Votes against the motion	
No of shares	%	No of shares	%
250,969,655	100.000	0	0

iii) Resolution 3 to approve the Issue of Free Warrants:

Votes for the motion		Votes against the motion	
No of shares	%	No of shares	%
234,968,018	93.624	16,001,637	6.376

iv) Resolution 4 to approve the Proposed Disposal:

Votes for the motion		Votes against the motion	
No of shares	%	No of shares	%
250,698,755	99.964	89,700	0.0360

Based on the above poll results, the Chairman declared all four ordinary resolutions tabled at the EGM as carried.

CLOSE OF MEETING

There being no other business, Chairman declared the Meeting closed at 12.16 p.m.

A vote of thanks to the Chair was proposed by Mr Foong Poh Seng and seconded by Ms Ang Pei Ling.

CONFIRMED AS A CORRECT RECORD

DATO' TEO CHIANG QUAN
CHAIRMAN
Date: 2 August 2019

PARAMOUNT CORPORATION BERHAD
(Company No. 8578-A)

Key matters discussed at the Extraordinary General Meeting (**EGM**) of Paramount Corporation Berhad (**Paramount** or **the Company**) held at Ballroom 1, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 10 July 2019 at 10.30 a.m.

	Shareholders' Queries	Paramount's Response
A	Proposed Transaction	
1.	<p>Dynamic Gates Sdn Bhd (DGSB) will be acquiring the Batu Kawan Campus Properties, the Jalan Anson Campus Properties and the Utropolis Glenmarie Campus Properties (Subject Campus Properties) partly through the issuance of 126,000,000 cumulative redeemable non-convertible preference shares (CRNCPS) to Paramount.</p> <p>Why are there another 450,000,000 CRNCPS in DGSB that may be subscribed by Paramount at any time after the completion of the sale?</p>	<p>As required by the prospective medium term notes (MTN) holder that will be providing financing to DGSB for its acquisition of the Subject Campus Properties, and to provide credit enhancement to the asset-backed securitisation (ABS) exercise, Paramount has agreed to provide financial support to DGSB, as and when needed, through the subscription for additional CRNCPS in DGSB. This situation will only arise in the event DGSB requires additional funds to meet its obligations, including any principal or coupon payments, to the MTN holder.</p>
2.	<p>You mentioned in the Circular that in accordance with the Malaysian Financial Reporting Standard (MFRS) 15, control of the Subject Campus Properties is deemed to remain with Paramount Group.</p> <p>Does it mean that the Subject Campus Properties will remain in the Statement of Financial Position of Paramount, and what is the rationale of this accounting treatment?</p>	<p>Yes, the Subject Campus Properties will be included in the Consolidated Statement of Financial Position of Paramount. The MTNs will also form part of Paramount Group (the Group)'s borrowings. Pursuant to MFRS 15, Paramount is deemed to have control of the assets (being the Subject Campus Properties) backing the securities (being the MTNs) by virtue of Paramount's right to repurchase the Subject Campus Properties from DGSB via the Call and Put Options.</p>
3.	<p>Is the Proposed Transaction a related party transaction (RPT)? Who is behind DGSB? Are there any common shareholders between Paramount and DGSB?</p>	<p>No, the Proposed Transaction is not a RPT, as none of the major shareholders and directors of Paramount has any interest, direct or indirect, in DGSB, and there are no common directors and shareholders between Paramount and DGSB.</p> <p>The beneficiary of the one ordinary share in DGSB, held on trust by Asia International Trust Berhad, is Dignity for Children Foundation, a charitable non-government organisation that provides holistic care and education to urban poor children in the Klang Valley.</p>

	Shareholders' Queries	Paramount's Response
4.	<p>Paramount, being the holder of the CRNCPS in DGSB, will be entitled to a cumulative dividend of 15% per annum.</p> <p>What are the implications to Paramount if DGSB is unable to achieve the required profits to declare the dividend annually?</p> <p>Are there any terms for Paramount to demand a minimum payment from DGSB if the dividend could not be declared?</p>	<p>No, there are no terms for Paramount to demand a minimum payment from DGSB if the 15% dividend could not be declared in any given year.</p> <p>The dividend, however, is cumulative in nature. Hence, if DGSB has insufficient profits to declare the 15% dividend in any given year, the dividend for that year will be accumulated to the following year(s) and accruing to Paramount. DGSB is expected to have sufficient profits to declare the total accumulated dividend when it disposes of the Subject Campus Properties.</p> <p>Based on the structure that has been put in place for this ABS exercise, which includes the leasing back of the Subject Campus Properties ultimately to KDU University College Sdn Bhd (KDUUC) and KDU University College (PG) Sdn Bhd (KDUPG) for the entire tenure of the MTN, DGSB will have sufficient income to meet its obligations to the MTN holder.</p> <p>In view thereof, the board of directors (the Board) of Paramount is of the opinion that the Proposed Transaction will not have any significant unfavourable financial impact to the Group.</p>
5.	<p>Why use DGSB, which doesn't have the financial capability, for this ABS exercise?</p> <p>Why didn't Paramount raise the funding by itself?</p>	<p>The ABS exercise involves the disposal of the Subject Campus Properties to a special purpose vehicle which will be the vehicle to raise funding by issuing asset-backed securities, i.e. the MTNs. Hence, DGSB was incorporated for this sole purpose, and will be dissolved upon its redemption of the MTNs and settlement of all its financial obligations.</p> <p>Paramount could raise funding through normal conventional bank borrowings, but the ABS exercise was selected to facilitate the disposal of the Subject Campus Properties by KDUUC and KDUPG, which is one of the internal restructuring exercises needed to be undertaken before the completion of the Share Purchase Agreement entered into between Paramount and UOWM Sdn Bhd (UOWM) on 19 November 2018 for the proposed divestment of equity interests in the Group's tertiary education segment (SPA-UOWM).</p>

	Shareholders' Queries	Paramount's Response
B	Proposed Issue of Bonus Shares and Free Warrants	
6.	How many new shares will the warrant holders be entitled to upon conversion?	Each warrant entitles the holder to subscribe for one new Paramount share.
7.	Will the warrants be attached to the bonus shares?	No, the warrants will not be attached to the bonus shares, as the warrants will be issued and listed separately under a different stock code.
C	Proposed Disposal	
8.	What is the overall accumulated losses of Paramount's tertiary education segment?	The accumulated losses of KDUUC and KDU College (PJ) Sdn Bhd were RM24.0 million and RM14.0 million, respectively for the financial year ended 31 December 2018 (FY2018) whereas KDUPG recorded a retained profit of RM29.0 million, resulting in an accumulated net loss of RM9.0 million for the segment.
9.	What are the prospects of the campuses if this situation were to continue in the next two years?	The losses would increase further over the next two years unless there is a significant improvement in student enrolment. Hence, the Group has no alternative but to look for a strategic university partner to strengthen the brand position of the tertiary education segment.
10.	Can capital allowances be claimed for the capital expenditure incurred on the Subject Campus Properties?	Yes, KDUUC and KDUPG have been enjoying the capital allowances granted for the Utropolis Glenmarie Campus Properties and the Jalan Anson Campus Properties, respectively.
11.	The Group started as a property developer, and thereafter ventured into the education industry. We understand that the Proposed Disposal is necessary to cut losses due to the increasingly competitive market landscape, but what then is the strategic direction of the Group, moving forward after the divestment?	<p>The proposed divestment of the tertiary education segment to a strategic university partner for enrolment growth had already been deliberated upon by the full Board at the time of charting the Group's five-year (2015-2019) strategic plan.</p> <p>As a future strategy, Paramount intends to reduce its stake in the education segment, and be a pure property player. The proceeds from these disposals will be utilised to pare down the Group's existing borrowings and for working capital to fund the various development projects in the pipeline as well as for further acquisition of land bank.</p>

	Shareholders' Queries	Paramount's Response
12.	If the Proposed Transaction is not approved by the shareholders, will Paramount be able to complete the Proposed Disposal?	Although the Proposed Disposal and the Proposed Transaction are not inter-conditional, disposal of the Subject Campus Properties by KDUUC and KDUPG is a conditions precedent item in the SPA-UOWM. Hence, if the ABS exercise failed to materialise, Paramount will pursue other available options to complete the Proposed Disposal.