

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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PARAMOUNT CORPORATION BERHAD

(Company No. 8578-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- **PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Notice of the Thirty-Second Annual General Meeting to be held at Glenmarie Ballroom A, The Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on 22 May 2002 at 10.00 a.m. is set out in this Circular. Shareholders are advised to refer to the Notice of the Annual General Meeting and the Form of Proxy which are enclosed. The Form of Proxy should be lodged 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 stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting at the meeting if you are subsequently able to do so.

This Circular is dated 30 April 2002

DEFINITIONS

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

AGM	- Annual General Meeting
Board or Board of Directors	- The Board of Directors of the Company
Recurrent Transactions or Recurrent Related Party Transactions	- Recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and in the ordinary course of business
Related Parties	- PCB's non-wholly owned subsidiary companies, including KDU
KDU	- KDU College Sdn Bhd (formerly known as Kolej Damansara Utama Sdn Bhd) (Company No. 76997-T), an 85% subsidiary company of PCB
KLSE	- Kuala Lumpur Stock Exchange
Listing Requirements	- The new KLSE Listing Requirements issued by KLSE on 22 January 2001
NTA	- Net tangible assets
PCB or Company	- Paramount Corporation Berhad (Company No. 8578-A)
PCB Group	- PCB and its subsidiaries
Proposed General Mandate	- The proposed shareholders' general mandate pursuant to Chapter 10.09 of the KLSE Listing Requirements permitting the PCB Group to enter into Recurrent Transactions with Related Parties
RM and sen	- Ringgit Malaysia and sen respectively
Share(s)	- Ordinary shares of RM1.00 each in PCB

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PARAMOUNT CORPORATION BERHAD

(Company No. 8578-A)
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Registered Office:-
Level 8, Uptown 1
1 Jalan SS21/58,
Damansara Uptown
47400 Petaling Jaya,
Selangor Darul Ehsan

30 April 2002

Directors:-

Dato' Md. Taib bin Abdul Hamid
Teo Chiang Quan
Ong Keng Siew
Tan Sri Dato' Ahmad Sabki bin Jahidin
Dato' Haji Azlan Bin Hashim
Rohana Tan Sri Mahmood
Geh Cheng Hooi
Brian Shoy Teng To

To: The Shareholders of PARAMOUNT CORPORATION BERHAD

Dear Sir/Madam

- **PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

On 18 January 2002, the Company obtained a general mandate from its shareholders for the Company and/or its subsidiaries to enter into transactions with related parties, which are recurrent and in the nature of revenue or trading from time to time.

The above general mandate for recurrent related party transactions shall, in accordance with the Listing Requirements of the KLSE, lapse at the conclusion of the forthcoming AGM unless authority is renewed at the said AGM.

Consequently on 20 March 2002 the Board of PCB announced that the Company proposed to seek a renewal of the general mandate for the recurrent related party transactions.

The purpose of this Circular is to provide the shareholders of PCB with details of the proposal and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM of the Company.

2. PROPOSED RENEWAL OF GENERAL MANDATE

The Company proposed to seek the renewal of general mandate from its shareholders for the Company and its wholly owned subsidiary companies to enter into transactions with related parties which are of a revenue or trading nature and which are necessary for its day-to-day operations, on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

The Proposed Renewal of General Mandate, if approved at the forthcoming AGM, which is subject to annual review, will take effect from the passing of the ordinary resolution relating thereto at the AGM, and will continue in force until:-

- a) the conclusion of the next AGM of PCB at which time it will lapse, unless the authority is renewed at that AGM; or
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA")(but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Thereafter approval from shareholders will be sought for the renewal of the Proposed General Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee and the Board of the Company of the continued requirement for a general mandate for recurrent related party transactions.

3. THE RECURRENT TRANSACTIONS

PCB is an investment holding company. The Company, through its subsidiaries, operates in property investment and development, construction and educational services. The list of subsidiary and associated companies of PCB are tabulated below.

Company	Effective equity interest (%)	Principal activities
<u>SUBSIDIARY COMPANIES</u>		
Incorporated in Malaysia		
Berkeley Sdn. Bhd.	100.00	Property investment and development
Berkeley Maju Sdn. Bhd.	100.00	Inactive
Berlian Sakti Sdn. Bhd.	100.00	Building and engineering contractor
Arah Teknik Sdn. Bhd.	100.00	Building and engineering contractor
Zenbilt Sdn. Bhd.	100.00	Building and engineering contractor
Bilsys Sdn. Bhd.	100.00	Building and engineering contractor
Current Connection Sdn. Bhd.	100.00	Inactive
KDU College Sdn. Bhd (formerly known as Kolej Damansara Utama Sdn. Bhd.)	85.00	Educational services
KDU Smart School Sdn Bhd.	85.00	Educational services
Janahasil Sdn. Bhd.	85.00	Inactive
Rajinas Intelek Sdn. Bhd.	52.00	Educational services
Maju Gading Development Sdn. Bhd.	100.00	Inactive
Perumahan Berjaya Sdn. Berhad	100.00	Property investment and development
Patani Jaya Sendirian Berhad	100.00	Property development
Kelab Bandar Laguna Merbok Sdn Bhd	100.00	Club Management
Adegan Dinamik Sdn. Bhd.	70.00	Inactive
Wangsa Merdu Sdn. Bhd.	100.00	Property investment

Company	Effective equity interest (%)	Principal activities
<u>SUBSIDIARY COMPANIES</u>		
Incorporated in Malaysia		
Paramount Global Assets Sdn. Bhd.	100.00	Investment holding
Paramount Electronics Industries Sdn. Bhd.	100.00	Inactive
Incorporated in Singapore		
SMT Circuit Assembly Pte Ltd	76.94	Inactive
Incorporated in Hong Kong		
Paramount Corporation Limited	100.00	Investment holding
PCM (HK) Limited	80.56	Inactive
<u>ASSOCIATED COMPANIES</u>		
Suci Teguh Holdings Sdn. Bhd.	27.00	Inactive
ASMC Sdn. Bhd.	21.60	Inactive
Jerneh Insurance Berhad	20.00	General insurance business

It is anticipated that the PCB Group would, in the ordinary course of business, enter into transactions with related parties as set out below.

3.1 Nature of the Recurrent Transactions

The nature of the transactions within the Recurrent Transactions is set out below:-

	Customer/ Supplier	Supplier/ Customer	Nature of Transactions	Relationship
(a)	PCB and its wholly owned subsidiaries	Non-wholly owned subsidiary and associated companies of PCB	<p>Rental of premises and maintenance from PCB and its wholly owned subsidiaries by non-wholly owned subsidiaries and associated companies and vice versa.</p> <p>Currently, there is ongoing rental of premises by KDU (an 85% owned PCB subsidiary) from Perumahan Berjaya Sdn Bhd ("PBSB") (a 100% owned PCB subsidiary). The tenancy was formalised on 15 January 2002 for a period of 3 years with effect from 1 January 2002 at a rental of RM235,000 per month. PBSB would be entering into another tenancy agreement with KDU Smart School Sdn Bhd (a 100% owned KDU subsidiary) in January 2003 at a rental of approximately RM150,000 per month.</p>	Rohana Tan Sri Mahmood is a director of PCB and a director and substantial shareholder of KDU

	Customer/ Supplier	Supplier/ Customer	Nature of Transactions	Relationship
(b)	PCB and its wholly owned subsidiaries	Non-wholly owned subsidiary and associated companies of PCB	Granting or award of various construction and development contracts to PCB and its wholly owned subsidiaries by non-wholly owned subsidiary and associated companies and vice versa. KDU (an 85% PCB subsidiary) has awarded a construction contract amounting to RM12.3 million for the construction and completion of KDU's addition and extension to its Penang campus college building to Berlian Sakti Sdn Bhd, a 100% PCB subsidiary.	Rohana Tan Sri Mahmood is a director of PCB and a director and substantial shareholder of KDU

3.2 Review Procedures for the Recurrent Transactions

The PCB Group has internal control systems to ensure that the Recurrent Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with PCB's usual business practices and policies, which are no more favourable to the Related Parties than those extended to third parties/public and are not to the detriment of the minority shareholders. These include transacting at the prevailing market rates/prices of the service or product provider (including where appropriate, preferential rates and discounts accorded for bulk purchases – the same are also accorded to third-party bulk purchases), on the service or product provider's usual commercial terms, and otherwise in accordance with applicable industry norms.

The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate. The Audit Committee will review the guidelines and procedures to ensure that the Recurrent Transactions are on an arm's length basis and on normal commercial terms consistent with PCB's usual business practices and policies, which are no more favourable to the Related Parties than those extended to third parties/public and are not to the detriment of the minority shareholders. If the Audit Committee is of the view that such guidelines and procedures are insufficient, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature do meet such objectives.

3.3 Rationale for and Benefit of the Recurrent Transactions

The Proposed Renewal of the General Mandate will enhance the ability of PCB and its subsidiaries to pursue business opportunities, which are time sensitive in nature and will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the Company into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on ad hoc basis, improve administrative efficiency and allow human resources and time to be channeled towards attaining corporate objectives.

Disclosure shall be made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on information, such as the type of the Recurrent Transactions made, and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

4. DIRECTORS' INTERESTS IN THE PROPOSAL

Save as disclosed below, none of the directors and substantial shareholders of the PCB Group or persons connected to these parties has any interest, direct or indirect, in the Proposals.

Rohana Tan Sri Mahmood, a director of PCB, is also a director and a substantial shareholder with a 15% equity interest in KDU. Rohana Tan Sri Mahmood does not have any interest, direct or indirect, in PCB.

Rohana Tan Sri Mahmood has abstained and will continue to abstain from all deliberations and voting on the Proposed Renewal of the General Mandate at all Board Meetings. The Interested Director shall undertake to ensure that persons connected to her (as defined under Section 122A of the Companies Act, 1965) and having interest in PCB shall abstain from voting in respect of their direct and indirect shareholdings in PCB in relation to the Proposed General Mandate.

5. DIRECTORS' RECOMMENDATION

Your Board, having considered all aspects of the Proposal, is of the opinion that the Proposal is in the best interest of the Company and its shareholders.

Save for Rohana Tan Sri Mahmood, who is an Interested Director, your directors recommend that you vote in favour of the resolution relating to the Proposed Renewal of the General Mandate under the agenda of Special Business as set out in the Annual Report of PCB for the financial year ended 31 December 2001 at the forthcoming Thirty-Second AGM.

6. AGM

The Thirty-Second AGM of the Company, notice of which is enclosed in the Annual Report of PCB for the financial year ended 31 December 2001 accompanying this circular, will be convened at Glenmarie Ballroom A, The Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on 22 May 2002 at 10.00 a.m. for the purpose of considering and if thought fit, passing the resolution to give effect to the Renewal of the General Mandate.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of PCB for the financial year ended 31 December 2001 in accordance with the instructions contained therein so as to arrive at the Registered Office of the Company as soon as possible and in any event not later than forty-eight (48) hours before the time fixed for the AGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

7. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

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

DATO' MD. TAIB BIN ABDUL HAMID
Chairman

APPENDIX: FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

Neither PCB nor its subsidiary companies are engaged in any litigation, claims and arbitration, either as plaintiff or defendant, which has a material effect on the financial statements of the PCB Group and the directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially affect the financial position or business of the PCB Group.

3. MATERIAL CONTRACT

There are no contract which may be material (not being contracts entered into in the ordinary course of business) which have been entered into by PCB or its subsidiaries during the past two (2) years preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM:

- (i) the Memorandum and Articles of Association of PCB;
- (ii) the audited accounts of the PCB Group for the three (3) financial years ended 31 December 2001;
- (iii) the Tenancy Agreement dated 15 January 2002 entered into between Perumahan Berjaya Sdn Bhd and KDU; and
- (iv) the letter of award from KDU to Berlian Sakti Sdn. Bhd.

