

**THIS SET OF DOCUMENTS IS IMPORTANT AND VALUABLE AND
REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the 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 document together with the Provisional Letter of Allotment and the accompanying forms to the Stockbroker or Bank through whom you effected the sale for transmission to the purchaser. All enquiries concerning the Rights Issue or any of the documents contained herein should be addressed to the Managing Underwriter mentioned below.

Copies of this document together with copies of the Provisional Letter of Allotment and the accompanying forms, have been lodged with the Registrar of Companies in Malaysia. The Registrar takes no responsibility for the contents of these documents.

Approval has been obtained from the Capital Issues Committee of Malaysia for the Rights Issue. Applications will be made to The Kuala Lumpur Stock Exchange and the Stock Exchange of Singapore Ltd. for permission to deal in and for quotation of all the new shares arising from the Rights Issue and if such applications are successful the new shares will be admitted to the respective Official Lists of these Stock Exchanges and official quotation will commence after all share certificates have been issued and despatched to entitled shareholders. If permission is not granted, all application monies will be refunded in full.

The Committees of the said Stock Exchanges take no responsibility for the correctness of any statements made or opinions expressed herein. Admission to the Official Lists and quotation of the said new shares is in no way reflective of the merits of the Rights Issue.

Unless otherwise stated, the unit of currency used in this document is the Malaysian Ringgit or "\$" in abbreviation.



PARAMOUNT CORPORATION BERHAD
(Incorporated in Malaysia)

RIGHTS ISSUE

of

6,554,142 New Ordinary Shares of \$1.00 each at a price of \$2.00 per share PAYABLE IN FULL upon acceptance on or before 10th July, 1981 in the proportion of one (1) New Ordinary Share for every four (4) existing Ordinary Shares held on 4th June, 1981.

Managing Underwriter

CHARTERED MERCHANT BANKERS MALAYSIA BERHAD

Important Dates:

LAST DAY AND TIME FOR: SPLITTING	18th June, 1981 at 4.00 P.M.
ACCEPTANCE & PAYMENT	10th July, 1981 at 4.00 P.M.
RENUNCIATION & PAYMENT	10th July, 1981 at 4.00 P.M.
EXCESS SHARES APPLICATION & PAYMENT	10th July, 1981 at 4.00 P.M.

THIS DOCUMENT IS DATED 11TH JUNE, 1981

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

- Board of Directors:** Y.B. TAN SRI DATO HAJI MOHAMED NOAH BIN OMAR,
P.M.N., S.P.M.J., D.P.M.B. (Brunei), J.P. (Chairman)
MR. TEO SOO CHUAN (Deputy Chairman)
DATO' TEO SOO CHENG, J.S.M., S.M.S. (Managing Director)
MR. TEO SOO HUAT
MR. SIM SEE KEE
MR. MATTHEW YOONG CHONG SENG
MR. TEO CHIANG LONG (Alternate to Mr. Teo Soo Chuan)
MR. TEO CHIANG QUAN (Alternate to Mr. Teo Soo Huat)
- Secretary:** ENCIK MOHD. RASHID AHMAD
MR. ROBERT LIM SENG LOONG
- Assistant Secretary:** MR. KHOO KAY TIEW
- Solicitors:** EUGENE LYE & CO., KUALA LUMPUR
- Bankers:** BANK BUMIPUTRA MALAYSIA BERHAD
CHUNG KHIAW BANK LIMITED
PACIFIC BANK BERHAD
UNITED MALAYAN BANKING CORPN. BERHAD
- Registered Office:** Second Floor, Wisma Hangsam,
No. 1, Jalan Cecil,
Kuala Lumpur 01-25.
- Registrars and Issuing House:** SECURITIES SERVICES (H) SDN. BHD.,
5th Floor, Bangkok Bank Building,
105, Jalan Bandar,
Kuala Lumpur 01-22.
- Auditors:** HANAFIAH RASLAN & MOHAMAD,
9th Floor, Bangunan Bangkok Bank,
No. 105, Jalan Bandar,
Kuala Lumpur. 01-22.
- Managing Underwriter:** CHARTERED MERCHANT BANKERS MALAYSIA BERHAD,
7th Floor, The Chartered Bank Building,
2, Jalan Ampang,
Kuala Lumpur.

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PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Registered Office:

2nd Floor, Wisma Hangsam,
No. 1, Jalan Cecil,
Kuala Lumpur.

11th June, 1981

To: The Shareholders

Dear Sir/Madam

RIGHTS ISSUE OF 6,554,142 NEW ORDINARY SHARES OF \$1.00 EACH

On 25th April, 1981, shareholders of the Company were informed by a Circular Letter that the Capital Issues Committee has approved a Rights Issue of 6,554,142 new Ordinary Shares of \$1.00 each at a price of \$2.00 per share on the basis of one (1) new Ordinary Share for every four (4) existing Ordinary Shares and a Special Issue of 14,000,000 new Ordinary Shares of \$1.00 each to Bumiputra investor(s) at a price of \$1.80 per share.

At the Extraordinary General Meeting held on 12th May, 1981, shareholders approved the Rights Issue and the Special Issue. An extract of the approved resolutions is attached as Appendix I of this Circular Letter.

The new Ordinary Shares issued under the Rights Issue and Special Issue will rank pari passu in all respects with the existing Ordinary Shares of \$1.00 each of the Company except that they shall not rank for any dividends in respect of the financial year ended 31st December, 1980 and that the new Ordinary Shares issued under the Special Issue shall not be entitled to the Rights Issue.

As you are a registered shareholder on the entitlement date on 4th June, 1981, we are pleased to enclose with this Circular Letter, the Provisional Allotment Letter in respect of the number of new Ordinary Shares for which you are entitled to subscribe. Should you wish to subscribe for these shares, you are required to note that the LAST DAY AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE NEW ORDINARY SHARES UNDER THIS RIGHTS ISSUE IS 10th July, 1981 AT 4.00 P.M.

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE NEW ORDINARY SHARES PROVISIONALLY ALLOTTED TO YOU AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO DISPOSE OF YOUR RIGHTS TO ALL OR ANY OF THE NEW ORDINARY SHARES ARE SET OUT IN THE PROVISIONAL ALLOTMENT LETTER. If acceptance and payment for any of the new Ordinary Shares provisionally allotted to you is not received by the REGISTRARS, SECURITIES SERVICES (H) SDN. BHD. at 5TH FLOOR, BANGKOK BANK BUILDING, 105 JALAN BANDAR, KUALA LUMPUR 01-22 BY 4.00 P.M. ON 10th July, 1981, being the last day of acceptance and payment, the related provisional allotments will be cancelled and these new Ordinary Shares together with those aggregated from fractional entitlements will be made available for application by other shareholders through the Excess Shares Application Form (Form E).

Shareholders may apply on the Excess Shares Application Form for any new Ordinary Shares not taken up by 10th July, 1981. The Directors reserve the right to allot the new Ordinary Shares applied for under the Excess Shares Application Form in such manner as they deem fit. IT IS THE INTENTION OF THE DIRECTORS TO ALLOT EXCESS SHARES IN SUCH MANNER THAT THE INCIDENCE OF ODD LOTS WILL BE MINIMISED.

PURPOSE OF THE ISSUES

The purpose of the Rights Issue and Special Issue is to raise funds which will be used to provide for additional working capital and to finance the expansion and diversification programme of the Company and its subsidiary over the next few years. The Special Issue will also enable the Company to comply fully with the requirement of the New Economic Policy to provide 30% Bumiputra participation in the equity of the Company.

The proceeds of the above issues would be utilised as follows:-

	\$
Purchase of 1,250,000 shares in Nanyang Insurance Co. (M) Berhad at \$3.00 a share	3,750,000
Construction of Private Commercial Institute	6,000,000
Construction of Commercial Complex comprising a cinema and departmental stores	8,500,000
Construction of Supermarket	7,500,000
Estimated expenses of the issues	400,000
Additional working capital requirements	12,158,000
	<hr/>
	\$38,308,000

HISTORY AND BUSINESS

The Company was first incorporated under the name of Malaysia Rice Industries Berhad in Malaysia on 15th April, 1969 and commenced operations in August, 1969. Since its inception, the Company's principal activity has been that of rice-milling. The present principal activities of the Group consist of dealing in real estate, property development, rice milling, and sale of rice and palm oil fresh fruit bunches.

The name of Malaysia Rice Industries Berhad was changed to Paramount Corporation Berhad on 29th December, 1980.

SHARE CAPITAL

The authorised share capital of the Company is \$100,000,000 divided into 100,000,000 Ordinary Shares of \$1 each, of which 26,216,571 Ordinary Shares of \$1 each have been issued since incorporation, as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Total Issued Share Capital \$
15.4.1969	3	Cash	3
Between 9.6.1969 to 17.6.1969	2,859,000	Cash	2,859,003
Between 1.7.1969 to 17.7.1969	2,002,997	Cash	4,862,000
31.7.1969	30,000	Cash	4,892,000
29.8.1969	800,000	Cash	5,692,000
19.12.1978	11,785,714	Acquisition of the entire issued share capital of Perumahan Berjaya Sdn. Berhad.	17,477,714
23.12.1980	8,738,857	Bonus Issue of one for two	26,216,571

NET TANGIBLE ASSETS

The net tangible assets attributable to shareholders of the Company based on the audited Consolidated Balance Sheet at 31st December, 1980 amounted to \$26,938,068 or \$1.03 per share.

The net tangible assets attributable to shareholders after taking into account the net proceeds arising from the Rights Issue and Special Issue will be \$64,846,352 or \$1.39 per share based on the enlarged issued share capital of 46,770,713 Ordinary Shares as shown below:-

	\$	\$
Net tangible assets as per Consolidated Balance Sheet as at 31.12.1980		26,938,068
Proceeds of the Rights and Special Issues	38,308,284	
Less: Estimated expenses of the Issues	400,000	37,908,284
		<u>\$64,846,352</u>
Issued Share Capital after the Rights and Special Issues		<u>46,770,713</u>
Net Tangible Asset backing per share		<u>\$1.39</u>

PROFITS, PROSPECTS AND DIVIDENDS

The issued and paid-up share capital, profit/loss before taxation and extraordinary item, extraordinary item, net profit, gross earnings per share and gross rate of dividend for the past five years to 31st December, 1980 are as follows:-

Year Ended.	Issued and Paid-up Capital \$	Profit/(Loss) before Tax and Extraordinary item \$	Extraordinary item \$	Net Profit \$	Earnings per share ¢	Gross Dividend Rate %
30.6.1976	5,692,000	46,648	30,000	76,648	0.8	—
30.6.1977	5,692,000	(233,301)	1,430,369	1,197,068	(4.1)	—
30.6.1978	5,692,000	227,917	—	227,917	4.0	—
18 months ended						
31.12.1979	17,477,714	7,261,602	—	2,753,494	19.8	10
31.12.1980	26,216,571	5,147,827	—	3,030,640	17.1	7½

Profit Forecast and Assumptions

Barring any unforeseen circumstances, the Directors forecast that on completion of the share acquisition of Nanyang and the proposed Rights and Special Issues of 20,554,142 shares, the consolidated profits of the enlarged

Group before taxation for the year ending 31st December, 1981 will not be less than \$7.1 million which will be equivalent to gross earnings per share of 19.5 cents based on the weighted average number of shares in issue during the year of 36,493,642 shares.

The basis and assumptions upon which this forecast is made are set out below:-

- (1) There will be no material setbacks in the growth of the Malaysian economy which will adversely affect the group.
- (2) There will be no material changes in the present legislation or regulations affecting the group's activities or the markets in which they operate.
- (3) There will be no industrial dispute or any abnormal circumstances which will adversely affect the group's activities.
- (4) The current demand and market conditions for houses in the Damansara Jaya area will not change materially. It is envisaged that, barring unforeseen circumstances, the projections on the completion and sale of the houses by Damansara Jaya Sdn. Berhad will be on schedule.
- (5) The proceeds from the Bumiputra and the Rights Issue will be received by 15th July, 1981 and will be placed on term deposit for the remainder of the year earning 10% interest per annum.
- (6) The acquisition of a 49% interest in the equity of Nanyang Insurance Co. (M) Berhad will be completed by 15th July, 1981.
- (7) There will be no material changes in the terms of trade under which the group operates and existing financial facilities will be maintained at current interest rates.
- (8) The palm oil crops to be harvested will not be adversely affected by weather conditions and the estimated average price of fresh fruit bunches for 1981 will be \$175 per metric ton.
- (9) There will be no material acquisition or disposal of fixed assets.
- (10) There will be no changes in the group's structure.

Dividends

The Directors of the Company anticipate that on the basis of the profit forecast, the amount of the dividend payment on the enlarged issued share capital for the year ending 31st December, 1981 will not be less than that of the preceding year.

Letters from Auditors

The following is a copy of a letter from the Company's auditors, Messrs. Hanafiah, Raslan & Mohamad, relating to the profit forecast for the year ending 31st December, 1981, prepared for inclusion in the Director's Circular Letter to Shareholders dated 11th June, 1981 in respect of the Rights Issue:

4th June, 1981

The Board of Directors
PARAMOUNT CORPORATION BERHAD
2nd Floor, Wisma Hangsam
1, Jalan Cecil
KUALA LUMPUR

Gentlemen

We have reviewed the accounting policies and calculations for the profit forecast of THE PARAMOUNT CORPORATION BERHAD GROUP (for which the directors are solely responsible) for the year ending 31st December, 1981, set out on page 6 of this Rights Issue Document.

In our opinion, the forecast so far as the accounting policies and calculations are concerned has been properly compiled on the basis of the assumptions made by the Board set out on page 6 of this Rights Issue Document and is presented on a basis consistent with the accounting policies normally adopted by the group.

Yours faithfully,

HANAFIAH RASLAN & MOHAMAD
Chartered Accountants
Certified Public accountants

UNDERWRITING

Major shareholders who together hold 18,845,071 Ordinary Shares or 71.9% of the issued share capital of the Company have given an irrevocable undertaking to subscribe for their full entitlement of 4,711,268 new Ordinary Shares to be issued under the Rights Issue. The balance of 1,842,874 new Ordinary Shares or 28.1% are being underwritten by Chartered Merchant Bankers Malaysia Berhad for an underwriting commission of 1¼% on the issue price of the shares.

The Special Issue of 14,000,000 new Ordinary Shares will not be underwritten as these will be privately placed with Bumiputra investor(s) to be nominated by the Ministry of Trade and Industry.

HISTORICAL SHARE PRICES

The following table gives the monthly reported high and low share market prices of the Company on The Kuala Lumpur Stock Exchange since June 1980 and the last transacted price on 30th March, 1981, the date of announcement of the Rights and Special Issues, and on 25th May, 1981, the latest practicable date before the printing of this document.

	<u>High</u>	<u>Low</u>
	\$	\$
1980 — June	3.30	2.80
July	3.36	2.98
August	3.18	3.00
September	4.02	2.84
October	3.84	2.94
November	4.94	2.86
December	5.70	4.06
1981 — January	8.00	5.20
February	7.95	6.50
March	9.30	6.80
April	8.10	7.10
	Closing Price	
March 30th, 1981	\$ 7.45	
May 25th 1981	\$8.50	

QUOTATION

Approval has been obtained from the Capital Issues Committee for the Rights Issue and Special Issue. Applications will be made to The Kuala Lumpur Stock Exchange and the Stock Exchange of Singapore Ltd. for permission to deal in and for quotation of all the new Ordinary Shares arising from these Issues. If such applications are successful, the new Ordinary Shares will be admitted to the respective Official Lists of the said Stock Exchanges and official quotation will commence after all the share certificates have been issued and despatched to entitled shareholders. If permissions are not granted, all application monies will be refunded in full.

FURTHER INFORMATION

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

RECOMMENDATION

Your Directors are unanimous in recommending that you take up your entitlement under the Rights Issue.

Yours faithfully,

TAN SRI DATO HAJI MOHAMED NOAH BIN OMAR
Chairman

APPENDIX I

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

EXTRACT OF RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON MAY 12, 1981

At the Extraordinary General Meeting of the Company held on May 12, 1981, the following resolutions were passed:-

1. THAT the issued and paid-up share capital of the Company be increased from \$26,216,571 to \$32,770,713 by way of a Rights Issue of 6,554,142 new Ordinary Shares of \$1.00 each, such shares to rank pari passu in all respects with the existing issued and fully paid-up shares of the Company except that such shares shall not rank for dividends declared for the year ended 31st December, 1980 and that such shares be provisionally allotted to the shareholders of the Company on the Register of Members at the close of business on a date to be fixed by the Directors on the basis of one (1) share of \$1.00 each for every four (4) shares then held by the said shareholders at \$2.00 per share, fractions to be disregarded and to be dealt with by the Directors as they deem fit.
2. THAT contingent upon the passing of Resolution (1) above, the issued and paid-up share capital of the Company be increased to \$46,770,713 (inclusive of the Rights Issue if approved by shareholders) by a Special Issue of 14,000,000 new Ordinary Shares of \$1.00 each at a price of \$1.80 per share to Bumiputra investor(s) nominated or approved by the Ministry of Trade and Industry such shares to rank pari passu in all respects with the existing Ordinary Shares of the Company except that such shares shall not qualify for the Rights Issue as set out in Resolution(1) above and for the dividends declared for the year ended 31st December, 1980.

APPENDIX II

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET

As at 31st December, 1980

	Note	31.12.1980 \$	31.12.1979 \$
Current Assets			
Cash and bank balances		60,003	27,844
Deposits with financial institutions	2	6,872,000	11,785,000
Trade debtors		1,321,248	951,976
Other debtors		41,862	1,014,381
Stocks	3	328,539	124,521
		<u>8,623,652</u>	<u>13,903,722</u>
Current Liabilities			
Bank overdraft (secured)		19,969	—
Trade creditors		9,350	—
Other creditors		131,180	82,974
Taxation		2,246,437	2,478,209
Proposed dividend		1,179,746	1,048,663
		<u>3,586,682</u>	<u>3,609,846</u>
Net Current Assets		5,036,970	10,293,876
Quoted Investment	4	161,963	1,197,286
Land Under Development	5	545,297	797,064
Fixed Assets	6	21,193,838	2,613,352
Goodwill Arising on Consolidation	7	6,543,128	8,916,279
		<u>33,481,196</u>	<u>23,817,857</u>
Shareholders' Funds			
Share Capital	9	26,216,571	17,477,714
Capital Reserve	10	3,682,823	—
Share Premium Account	11	—	4,609,235
Retained Profits		3,581,802	1,730,908
		<u>33,481,196</u>	<u>23,817,857</u>

The notes on pages 14 to 18 form an integral part of these accounts.
Auditors' report on page 19

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Consolidated Profit and Loss Account Year ended 31st December, 1980

	Note	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
Turnover	12	11,412,326	14,689,566
Profit before taxation	13	5,147,827	7,261,602
Taxation	14	2,117,187	3,485,003
Profit after taxation		3,030,640	3,776,599
Group's share of preacquisition profits		—	(1,023,105)
Profit for the year after taxation		3,030,640	2,753,494
Dividend:			
Proposed dividend — net of 40% tax 1980: 7½% (Eighteen months ended 31.12.1979: 10%)		1,179,746	1,048,663
Retained profit for the year		1,850,894	1,704,831
'Balance brought forward		1,730,908	26,077
Retained profits		3,581,802	1,730,908
Retained in:			
Holding company		1,234,485	921,093
Subsidiary		2,347,317	809,815
		3,581,802	1,730,908
Earnings per share	15	17.1 cents	19.8 cents

The notes on pages 14 to 18 form an integral part of these accounts
Auditors' report on page 19

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Consolidated Statement of Changes in Financial Position Year ended 31st December, 1980

	31.12.1980 \$	31.12.1979 \$
Source of Funds		
Operations:		
Profit after taxation	3,030,640	2,753,494
Adjustments for items not involving the movement of funds:		
Depreciation	236,164	170,519
Profit on sale of quoted shares	(156,843)	(149,190)
Profit disposal of fixed assets	(81,105)	(93)
Funds generated from operations	3,028,856	2,774,730
Other sources:		
Proceeds from sale of investment	1,396,388	1,098,954
Net decrease in land under development	251,767	—
Net proceeds from disposal of fixed assets	687,165	4,405
Proceeds from issue of ordinary shares	—	16,500,000
	5,364,176	20,378,089
Application of Funds		
Purchase of investments	204,222	2,132,390
Purchase of fixed assets	9,190,212	86,942
Dividend paid	1,048,663	—
Fixed assets	46,902	—
Purchase of goodwill on acquisition of subsidiary company	—	8,916,279
Share issue expenses	—	105,051
Land under development	—	845,913
	10,489,999	12,086,575
(Decrease)/increase in working capital	(5,125,823)	8,291,514
(Decrease)/Increase in Working Capital		
Debtors	(603,247)	1,548,917
Stocks	204,018	(2,163,166)
Taxation	231,772	(2,478,209)
Creditors	(57,556)	224,987
Net movement in liquid funds	(4,900,810)	11,158,985
	(5,125,823)	8,291,514

The notes on page 14 to 18 form an integral part of these accounts.
Auditors' report on page 19

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Balance Sheet As at 31st December, 1980

	Note	31.12.1980 \$	31.12.1979 \$
Current Assets			
Cash and bank balances		55,901	24,122
Deposits with financial institutions	2	—	2,000,000
Trade debtors		748,158	951,976
Other debtors		27,617	887,116
Stocks	3	328,539	124,521
		<u>1,160,215</u>	<u>3,987,735</u>
Current Liabilities			
Bank overdrafts (secured)		19,969	—
Trade creditors		9,350	—
Other creditors		124,180	75,974
Amount due to subsidiary company		4,045,000	—
Taxation		27,000	105,019
Proposed dividend		1,179,746	1,048,663
		<u>5,405,245</u>	<u>1,229,656</u>
Net Current (Liabilities)/Assets		<u>(4,245,030)</u>	<u>2,758,079</u>
Quoted Investment	4	161,963	1,197,286
Investment in Subsidiary Company	8	22,499,361	16,499,361
Fixed Assets	6	12,717,585	2,553,316
		<u>31,133,879</u>	<u>23,008,042</u>
Shareholders' Funds			
Share Capital	9	26,216,571	17,477,714
Capital Reserve	10	3,682,823	—
Share Premium Account	11	—	4,609,235
Retained Profits		1,234,485	921,093
		<u>31,133,879</u>	<u>23,008,042</u>

The notes on pages 14 to 18 form an integral part of these accounts.
Auditors' report on page 19 .

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Profit and Loss Account Year ended 31st December, 1980

	Note	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
Turnover	12	6,657,098	9,860,329
Profit before taxation	13	2,338,292	3,305,168
Taxation	14	845,154	1,361,489
Profit after taxation		1,493,138	1,943,679
Dividend:			
Proposed dividend — net of 40% tax			
1980: 7½ % (Eighteen months ended 31.12.1979: 10%)		1,179,746	1,048,663
Retained profit for the year		313,392	895,016
Balance brought forward		921,093	26,077
Retained profits		1,234,485	921,093
Earnings per share	15	8.4 cents	14.0 cents

The notes on pages 14 to 18 form an integral part of these accounts.
Auditors' report on page 19

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Notes to The Accounts Year ended 31st December, 1980

1. ACCOUNTING POLICIES

(a) **Basis of accounting**

The accounts have been prepared under the historical cost convention including the revaluation of certain assets.

(b) **Basis of consolidation**

The group accounts consolidate the accounts of the company and its wholly owned subsidiary company Perumahan Berjaya Sdn. Berhad. All material inter company balances and transactions have been eliminated.

(c) **Investment in subsidiary company**

The investment in the subsidiary company is stated at directors' valuation. The excess of the directors' valuation after taking into account the underlying net asset value of the subsidiary company at the date of acquisition and the reserve arising from the revaluation of the subsidiary's fixed assets at 31st July, 1980 is retained in the consolidated balance sheet as goodwill arising on consolidation.

(d) **Income recognition**

The group recognises its income from the sale of land when the developer, Damansara Jaya Sdn. Berhad, sells the completed houses. During earlier periods the recognition of income was based on a percentage of completion of the construction work.

(e) **Estate development expenditure**

All expenditure incurred in preparing the land, planting and maintaining the trees until maturity have been capitalised into estate development expenditure.

(f) **Buildings under construction**

All expenditure incurred in the construction of the buildings on the group's freehold land have been capitalised as buildings under construction and shown as fixed assets. No depreciation will be charged until the buildings are completed.

(g) **Depreciation**

No depreciation is provided on the freehold land and leasehold land with an unexpired lease in excess of 99 years.

On all other assets, depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets at the following rates:

Buildings	2%
Plant and machinery	10% — 20%
Furniture, fittings and office equipment	5% — 14%
Motor vehicles	25%
Estate development expenditure	5%

(h) **Stocks**

Stocks are stated at the lower of cost and net realisable value determined on a first in first out basis. Cost represents material, direct labour and the appropriate proportion of production overheads.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	31.12.1980	31.12.1979	31.12.1980	31.12.1979
	\$	\$	\$	\$
Deposits with quoted corporations	—	3,000,000	—	1,000,000
Deposits with unquoted corporations	6,872,000	8,785,000	—	1,000,000
	<u>6,872,000</u>	<u>11,785,000</u>	<u>—</u>	<u>2,000,000</u>

3. STOCKS

Group and company

	31.12.1980 \$	31.12.1979 \$
Raw materials	301,869	—
Finished goods	16,330	105,671
Spare parts	10,340	18,850
	<u>328,539</u>	<u>124,521</u>

The raw materials and finished goods are subject to a floating charge as security for an overdraft facility granted by a bank to the company.

4. QUOTED INVESTMENT

Group and company

	31.12.1980	31.12.1979
Quoted in Malaysia		
Cost	<u>\$ 161,963</u>	<u>\$1,197,286</u>
Market value	<u>\$ 187,200</u>	<u>\$1,249,550</u>

5. LAND UNDER DEVELOPMENT

Land under development represents the acquisition cost of the land plus the related legal costs.

During the year ended 31st December, 1980, land and buildings under construction relating to the commercial centre and commercial institute was transferred to fixed assets.

6. FIXED ASSETS

Group

	Cost or valuation \$	Accumulated depreciation \$	Net book value 31.12.1980 \$	31.12.1979 \$	Depreciation charge Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
At valuation						
Freehold land and buildings	11,236,000	—	11,236,000	1,812,872	—	43,198
Leasehold land	244,000	—	244,000	81,911	—	—
At cost						
Buildings under construction	46,902	—	46,902	—	—	—
Freehold estate land	5,732,081	—	5,732,081	—	—	—
Estate development expenditure	3,309,710	137,904	3,171,806	—	137,904	—
Plant and machinery	967,622	417,682	549,940	500,165	75,153	98,380
Office equipment, furniture and fittings	260,089	66,633	193,456	198,830	15,337	19,754
Motor vehicles	58,379	38,726	19,653	19,574	7,770	9,187
	<u>21,854,783</u>	<u>660,945</u>	<u>21,193,838</u>	<u>2,613,352</u>	<u>236,164</u>	<u>170,519</u>

The freehold land in the subsidiary company was revalued by a firm of professional valuers on 27th May, 1980.

Company

	Cost or valuation \$	Accumulated depreciation \$	Net book value		Depreciation charge Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
			31.12.1980 \$	31.12.1979 \$		
At valuation						
Freehold land and buildings	2,814,000	—	2,814,000	1,764,023	—	43,198
Leasehold land	244,000	—	244,000	81,911	—	—
At cost						
Freehold estate land	5,732,081	—	5,732,081	—	—	—
Estate development expenditure	3,309,710	137,904	3,171,806	—	137,904	—
Plant and machinery	967,622	417,682	549,940	500,165	75,153	98,380
Office equipment, furniture and fittings	260,089	66,633	193,456	198,830	15,337	19,754
Motor vehicles	28,415	16,113	12,302	8,387	3,935	5,032
	<u>13,355,917</u>	<u>638,332</u>	<u>12,717,585</u>	<u>2,553,316</u>	<u>232,329</u>	<u>166,364</u>

The freehold land and buildings and the leasehold land were revalued by a firm of professional valuers on 27th May, 1980. The revalued amount has been incorporated in the accounts at 31st December, 1980 and the surplus arising from the revaluation amounting to \$1,812,445 has been credited to capital reserve.

Freehold land and buildings amounting to \$1,000,000 have been charged to a bank to secure an overdraft facility for the company.

7. GOODWILL ARISING ON CONSOLIDATION

	31.12.1980 \$	31.12.1979 \$
Balance at beginning of year	8,916,279	8,916,279
Reduction in goodwill	(2,373,151)	—
	<u>6,543,128</u>	<u>8,916,279</u>

The remaining goodwill is not being amortised as the directors are of the opinion that this reduced goodwill is inherent in the subsidiary in that it is represented by the after tax earnings expected from the sales of the remaining residential land.

8. INVESTMENT IN SUBSIDIARY COMPANY

The wholly owned subsidiary of the company is Perumahan Berjaya Sdn Berhad, incorporated in Malaysia whose principal activity is dealing in real estate.

On 31st December, 1980 the directors revalued the company's investment in its subsidiary to \$22,499,361 and the surplus arising from the revaluation amounting to \$6,000,000 has been credited to capital reserve.

9. SHARE CAPITAL

	31.12.1980 \$	31.12.1979 \$
Authorised:		
Ordinary shares of \$1 each	100,000,000	20,000,000
Issued and fully paid:		
As at 1.1.80:		
17,477,714 ordinary shares of \$1 each	17,477,714	17,477,714
Issued during the year:		
Bonus issue of one ordinary share for every two already held	8,738,857	—
	<u>26,216,571</u>	<u>17,477,714</u>

At the annual general meeting held on 28th March, 1980 it was resolved that the authorised share capital of the company be increased to \$100,000,000 by a creation of 80,000,000 ordinary shares of \$1 each.

On 22nd December, 1980, the issued share capital of the company was increased by a one for two bonus issue of 8,738,857 ordinary shares of \$1 each by capitalising \$4,129,622 from the capital reserve account and \$4,609,235 from the share premium account credited as fully paid.

10. CAPITAL RESERVE

	Group		Company	
	31.12.1980 \$	31.12.1979 \$	31.12.1980 \$	31.12.1979 \$
Surplus arising from the revaluation of fixed assets	10,185,596	—	1,812,445	—
Surplus arising from the revaluation of investment in subsidiary company	—	—	6,000,000	—
Applied towards reduction in goodwill	(2,373,151)	—	—	—
Applied towards a one for two bonus issue of ordinary shares	(4,129,622)	—	(4,129,622)	—
	<u>3,682,823</u>	<u>—</u>	<u>3,682,823</u>	<u>—</u>

11. SHARE PREMIUM ACCOUNT

Group and company	31.12.1980 \$	31.12.1979 \$
As at 1.1.80	4,609,235	4,609,235
Applied towards a one for two bonus issue of ordinary shares	(4,609,235)	—
	<u>—</u>	<u>4,609,235</u>

12. TURNOVER

Turnover for the group represents the invoiced value of land, rice and palm oil fresh fruit bunches sold.

Turnover for the company represents the invoiced value of rice and palm oil fresh fruit bunches sold.

13. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:

	Group		Company	
	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
After crediting:				
Rent receivable	35,100	64,400	25,500	54,000
Gross dividend from subsidiary company	—	—	2,002,000	3,001,935
Gross dividend from quoted investments in Malaysia	14,577	93,312	14,577	93,312
Interest receivable	468,985	570,447	46,916	79,202
Profit on sale of quoted shares	156,843	149,190	156,843	149,190
Profit on sale of fixed assets	81,105	93	81,105	93
and charging:				
Depreciation	236,164	170,519	232,329	166,364
Rent expenses	14,400	39,800	11,520	39,800
Directors' emoluments	3,100	5,100	3,100	5,100
Provision for directors' fees	27,000	37,500	21,000	31,500
Provision for auditors' remuneration	17,000	16,000	15,000	15,000
Bank overdraft interest	22,741	4,124	21,092	3,402
Interest on advances	26,307	32,746	26,307	32,746

14. TAXATION

	Group		Company	
	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$	Year ended 31.12.1980 \$	18 months ended 31.12.1979 \$
Based on the profit for the year	2,287,712	3,480,781	833,631	1,361,489
(Over)/underprovision in previous periods	(170,525)	4,222	11,523	—
	<u>2,117,187</u>	<u>3,485,003</u>	<u>845,154</u>	<u>1,361,489</u>

15. EARNINGS PER SHARE

Group

The earnings per share is based on the unappropriated profit for the year of \$3,030,640 (1979: \$2,753,494) and is computed on the weighted average number of shares in issue during the year of 17,693,193 shares (1979: 13,914,092).

Company

The earnings per share is based on the profit after taxation for the year of \$1,493,138 (1979: \$1,943,679) and is computed on the weighted average number of shares in issue during the year of 17,693,193 shares (1979: 13,914,092).

16. COMMITMENTS

The group has entered into a contract for the sale of all the residential and shopping lots held under Grant No. 18134 for lot No. 106 and Grant No. 10944 for lot No. 107 in the Mukim of Sungei Buloh in the District of Kuala Lumpur with a developer, Damansara Jaya Sdn. Berhad.

17. CHANGE OF NAME

On 29th December, 1980 the company changed its name to Paramount Corporation Berhad.

18. COMPARATIVE FIGURES

The comparative figures are for the eighteen months ended 31st December, 1979. Certain comparative figures have been adjusted to reflect a proper comparison with this year's classification.

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

Auditors' Report to The Members

In our opinion:

- (a) the accounts and notes set out on pages 9 to 18 which have been prepared under the historical cost convention including the revaluation of certain assets are properly drawn up in accordance with the requirements of the Companies Act, 1965 and give a true and fair view of the state of affairs of the company and of the group at 31st December, 1980 and of the results of their operations and the changes in the financial position of the group for the year ended on that date;
- (b) the accounting and other records (including registers) of the company examined by us are properly kept in accordance with the provisions of the said Act; and
- (c) the directors' report, in so far as it is required by the said Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters.

We are satisfied that the accounts of the subsidiary that are consolidated with the accounts of the holding company are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts.

The auditors' report on the accounts of the subsidiary was not subject to any qualifications.

Hanafiah Raslan & Mohamad
Chartered Accountants
Certified Public Accountants

Kuala Lumpur
27th March, 1981

APPENDIX III

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

To: The Ordinary Shareholders

Dear Sir/Madam,

On behalf of the Directors of the Company, I report that, having made due enquiry in relation to the interval between December 31, 1980, the date on which the last audited accounts of the Company and its subsidiary have been made up and 4th June, 1981 being a date not earlier than fourteen days before the issue of this Document.

- (i) the business of the Company and its subsidiary has in our opinion been satisfactorily maintained;
- (ii) no circumstances have arisen since the last Annual General Meeting of the Company which in our opinion have affected or will adversely affect the trading or the value of the assets of the Company or its subsidiary;
- (iii) the current assets of the Company or its subsidiary appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantees given by the Company and its subsidiary; and
- (v) since the last annual report there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary.

For and on behalf of the Board
of Directors

TAN SRI DATO HAJI MOHAMED NOAH BIN OMAR
Chairman

4th June, 1981

APPENDIX IV

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

FURTHER INFORMATION

1. The names, addresses, occupation and shareholdings of the Directors of the Company at 31st December, 1980 are as follows:-

NAME	ADDRESS	OCCUPATION	SHAREHOLDING
Y.B. Tan Sri Dato' Haji Mohamed Noah bin Omar (Chairman)	51-C, Jalan Tanjong 5/4-1, Petaling Jaya, Selangor	Company Director	1,500
Teo Soo Chuan (Deputy Chairman)	8, Pesiaran Basong Damansara Heights Kuala Lumpur	Company Director	18,532
Dato' Teo Soo Cheng (Managing Director)	57, Jalan 5/4 Petaling Jaya Selangor	Company Director	18,532
Teo Soo Huat	57, Jalan 5/4 Petaling Jaya Selangor	Company Director	18,532
Sim See Kee	72, Jalan Bandar Kuala Lumpur	Company Director	10,500
Matthew Yoong Chong Seng	1, Lorong Taman Pantai Lima, Kuala Lumpur	Company Director	15,000
Teo Chiang Long (alternate to Teo Soo Chuan)	8, Pesiaran Basong Damansara Heights Kuala Lumpur	Company Director	—
Teo Chiang Quan (alternate to Teo Soo Huat)	11, Lorong 12/21A Petaling Jaya Selangor	Company Director	—

2. The wholly owned subsidiary of the Company is Perumahan Berjaya Sdn. Berhad, a company incorporated in Malaysia. Its principal activity is dealing in real estate.
3. There is only one class of shares and there are no founder or management or deferred shares.
4. No person has been given or is entitled to be given an option to subscribe for any shares in the Company.
5. Save as disclosed herein, the Company has not issued or agreed to issue any shares as fully or partly paid-up otherwise than in cash within the preceding two years from the date of this document.
6. No amount has been paid within the preceding two years as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company.
7. Save as disclosed herein no purchases or acquisitions of property have been or are proposed to be made out of the proceeds of this Rights Issue offered for subscription by this Document, other than property the contracts for the purchase or acquisition of which have been or will be entered into in the ordinary course of the Company's business.
8. The Company is not engaged in any material litigation either as plaintiff or defendant and the Directors have no knowledge of any proceedings pending or threatened against the Company or any fact likely to give rise to any proceedings which might materially affect the position or business of the Company.
9. The Company has not established a place of business outside Malaysia or Singapore.

10. The dates, parties to and general nature of contracts which are or may be material and entered into within the past two years by the Company (not being contracts entered into in the ordinary course of business) are-as follows:-
 - (a) An agreement dated 4th January, 1980 between the Company and M/s Telok Plantations Sdn. Bhd. for the acquisition of Dindings Oil Palm Estate for a total consideration of M\$8,759,602.
 - (b) An agreement dated 9th June, 1981 between the Company and Chartered Merchant Bankers Malaysia Berhad for underwriting shares to be issued under this Rights Issue.
11. The consents of the bankers, solicitor, auditors and managing underwriter to the inclusion in this Document of their names in the manner and form in which such names appear have been given and have not been withdrawn.
12. The consent of the Company's Auditors to the inclusion in this Document of their letter relating to the profit forecast in the manner and form in which they are contained in the Document has been given before the issue of this Document and has not subsequently been withdrawn.
13. Copies of the following documents are available for inspection at the registered office of Paramount Corporation Berhad, 2nd Floor, Wisma Hangsam, No. 1, Jalan Cecil, Kuala Lumpur during office hours on any week day following the publication of this Document for a period of 6 months.
 - (a) Memorandum and Articles of Association of the Company.
 - (b) The material contracts mentioned in paragraph 10 above.
 - (c) The Letters of Consent referred to in paragraph 11 above.
 - (d) The Annual Reports and Accounts of the Company for the period ended 31st December, 1979 and for the year ended 31st December, 1980.
14. This Document has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that to the best of their knowledge and belief there are no other facts the omission of which has made any statement herein misleading.

