





*We are honing our skills to build brands that remain the centre of attraction.*

# STATEMENT ON CORPORATE GOVERNANCE

Paramount Corporation Berhad ("Paramount" or "the Company") is committed to business in integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors ("Board") supports the highest standards of corporate governance and the development of best practices.

The Company has complied throughout the year with the Provisions of the Code of Corporate Governance except for the appointment of a Senior Independent Director, for reasons which are explained below.

## DIRECTORS

The Board of Paramount has eight members comprising two executive directors and six non-executive directors, four of whom are independent. This strong and independent element brings an objective and independent judgement to the decision making process of the Board. The biographical details of the Board members are set out in the Board section on pages 11 to 15.

Dato' Mohd Taib bin Abdul Hamid, an independent non-executive director, chairs the Board and the Group Managing Director & Group Chief Executive Officer is Teo Chiang Quan. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. All the four independent non-executive directors are considered by the Board to be independent of management and free from any businesses or relationships which could materially interfere with the exercise of their independent judgement.

As the Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are independent non-executive directors and the members of the latter two committees comprise exclusively of independent non-executive directors, the Board believes that it is not necessary to nominate one individual to assume the role of a Senior Independent Director.

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The Directors have wide ranging experience and all of them have either occupied or are currently holding senior positions in industry and/or government. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.

The Board provides effective leadership and manages overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes:

- Setting and monitoring objectives, goals and strategic directions for management
- Adopting an annual budget and continuously monitoring financial performance
- Assessing and approving major capital expenditure including significant acquisitions and disposal of investments
- Ensuring significant risks are appropriately managed and regularly reviewed and monitored
- Selecting and appointing of new directors and setting the remuneration for directors and senior management
- Mentoring, monitoring and evaluating the Chief Executive Officer and his support management team
- Ensuring strict adherence to relevant compliance with laws and regulations and disclosure regimes

The Board met five times during the year, one of which comprised an extended two-day strategy review and discussion. The attendance record of directors during the year was as follows:

Director	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Teo Chiang Quan	5 out of 5
Ong Keng Siew	5 out of 5
Tan Sri Dato' Ahmad Sabki bin Jahidin	5 out of 5
Dato' Haji Azlan bin Hashim	5 out of 5
Rohana Tan Sri Mahmood	5 out of 5
Geh Cheng Hooi	4 out of 5
Brian Shoy Teng To	5 out of 5

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of their duties.

Appropriate training and briefing are available to all Directors on appointment to the Board, and subsequently as necessary, taking into account their individual qualifications and experience.

All Directors are subject to election by shareholders at the first opportunity after their appointment. The Company's Articles of Association ensures that all Directors stand for re-election at least once in every three years.

The Board operates through three standing committees with delegated authority and defined terms of reference. The composition, purpose and function of these committees are described below.

## Audit Committee

A detailed report on this committee is contained on pages 40 and 41 of this Annual Report.

## Nomination Committee

The Nomination Committee comprises exclusively of four independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Chairman of the Board chairs the Committee, which meets at least once a year and additionally if required.

The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing existing Directors on an on-going basis. The Nomination Committee also considers the balance of the board membership, determining the core competencies and skills required of the Board.

## DIRECTORS' REMUNERATION

### Remuneration Committee

The Remuneration Committee also comprises exclusively of four independent non-Executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Remuneration Committee, which meets at least once a year and additionally if required, is chaired by the Chairman of the Board.

The Remuneration Committee is responsible for ensuring that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain its



Executive Directors and senior management to manage the Company and continuously build for the future, giving due regard to the interest of shareholders and to the financial and commercial health of the Company.

### Remuneration Policy

Total remuneration, comprising salaries, bonus and benefits, of executive directors and senior management are reviewed annually. Salaries are benchmarked against equivalent market salaries for companies with similar turnover and market capitalization and are set around the median point of the comparator group. The salaries are set by the committee after consideration of the Company's performance, market conditions, the level of increase awarded to employees throughout the business and the need to reward individuals based on their performance and responsibility.

The annual bonus scheme is designed to encourage and reward employees for achievement or betterment of challenging financial and business targets, set in the annual budget adopted by the

board at the beginning of each financial year. Awards are not contractual and are paid on the basis of the individual's contribution during the preceding year as well as individual and team performance.

The Company also provides long term incentives in the form of share scheme and retirement benefits or gratuity. Currently there exists an Employee Share Option Scheme, which will expire on 2 August 2003. All employees, who are in permanent full-time employment of the Group for a period of at least one (1) continuous year are entitled to participate in the scheme. The quantum for retirement benefit or gratuity is the summation of the multiplication of the factor 15/26 by the basic salary as at 31 December of each year from the date of joining the Company (as pro-rated) till the date of retirement, resignation or death (as pro-rated).

Annual fees and Directors' traveling allowance are paid based on current market surveys.

The details of the remuneration of each Director during the financial year are as follows:

Director	Basic Salary (RM'000)	Bonus (RM'000)	Professional fees (RM'000)	Director fees (RM'000)	Benefits in-kind (RM'000)	Total Remuneration (RM'000)
<b>Executive</b>						
Teo Chiang Quan	672	197	–	49	63	981
Ong Keng Siew	292	44	–	35	14	385
<b>Non-Executive</b>						
Dato' Md Taib bin Abdul Hamid	–	–	–	38	–	38
Tan Sri Dato' Ahmad Sabki bin Jahidin	–	–	–	25	–	25
Dato' Haji Azlan bin Hashim	–	–	–	30	–	30
Rohana Tan Sri Mahmood	–	–	196	30	21	247
Geh Cheng Hooi	–	–	–	25	–	25
Brian Shoy Teng To	–	–	–	25	–	25

### SHAREHOLDERS

The Company is committed to ongoing communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the Annual General Meeting and timely dissemination of information on significant company developments and price sensitive information in accordance with Kuala Lumpur Stock Exchange Listing Requirements. The group's web-site at [www.pcb.com.my](http://www.pcb.com.my) contains corporate and customer information updated on a regular basis.

The Company's Annual General Meeting not only deals with the formal business of the Company but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company plans to present to shareholders an overview of the Group's business at future meetings. A Press conference is normally held after the Annual General Meeting to brief members of the Press on the performance of the Group for the benefit of potential investors as well as those shareholders who have been unable to attend the meeting.

### ACCOUNTABILITY AND AUDIT

#### Financial reporting

The Board is mindful of its responsibility to present a balanced and understandable assessment of Paramount's financial position and prospects, in all reports, both to investors and the regulatory bodies.

This assessment is primarily provided in the Chairman's Statement and Chief Executive Officer's Performance Review. An explanation of the respective responsibilities of the Directors and the auditors in the preparation of the accounts is set out in the statement of Directors' responsibilities section of the printed report.

#### Internal control

The Directors are responsible for the Group's system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of business risks that are significant to the fulfillment of Paramount's business objectives with a view to enhancing, over time, the value of the shareholders' investment and safeguarding the Group's assets. Although no system of internal controls can provide absolute assurance that business risk will be mitigated, the Group is committed to designing an internal control system that meets the Group's particular needs and the risks to which it is exposed. The key areas that have been established include a risk management policy designed to ensure its proper implementation and a risk framework encompassing the required risk procedures.

#### Relationship with External Auditors

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia. The report on the role of the audit committee in relation to the external auditors may be found in the Report on Audit Committee set out on pages 40 and 41.

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors is pleased to issue the following Audit Committee Report and its activities for the year.

## MEMBERS AND MEETINGS

There are four members in the Audit Committee consisting of three independent non-executive directors and one executive director.

Meetings were held every quarterly and a fifth meeting was held with the external auditors excluding the presence of the executive director.

Names of Directors	Status	Number of Meetings Attended by Members
YBhg Tan Sri Dato' Ahmad Sabki Bin Jahidin	Chairman/Independent Non Executive Director	5 out of 5 meetings
Mr Geh Cheng Hooi	Independent Non-Executive Director/ Accountant	4 out of 5 meetings
Mr Ong Keng Siew	Deputy Group CEO/ Accountant	5 out of 5 meetings
YBhg Dato' Haji Azlan Bin Hashim	Independent Non-Executive Director/ Accountant	5 out of 5 meetings

## TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

### Membership

The members shall be appointed by the Board and the Committee shall consist of at least three (3) directors, a majority of whom are independent directors. The Chairman of the Committee shall be an independent non-executive director.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants

Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.

No alternate director shall be appointed as a member of the Audit Committee.

### Meetings

The Committee shall meet on a quarterly basis or at more frequent intervals as required to deal with matters within its terms of reference. The meetings shall have a quorum of two members who are independent directors.

The Committee shall meet with the external auditors without the presence of executive board members at least once a year.

Other directors and employees may attend any particular Audit Committee meeting only at the Committee's invitation specific to the relevant meeting.

The Committee shall record its conclusions on issues discussed during meetings and report to the Board at the quarterly Board Meetings.

## Authority

The Audit Committee is hereby authorised by the Board to:

- investigate any matter within its terms of reference;
- have resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to Paramount Corporation Berhad ("Paramount") and its group of companies ("the Group");
- have direct communication channels with the external auditors and internal auditor; and
- obtain independent professional or other advice as deemed necessary.

## Reporting of breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements, the Committee shall promptly report such matter to KLSE.

## Duties of the Committee

The duties of the Committee shall be as follows:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- iii) To review the quarterly and year-end financial statements of the Company/Group, focusing particularly on:
    - a) Any changes in accounting policies and practices;
    - b) Significant adjustments arising from the audit;
    - c) The going concern assumption;
    - d) Compliance with accounting standards and other legal requirements.
  - iv) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
  - v) To review the external auditor's management letter and management's response;
  - vi) To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - vii) To review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - viii) To consider major findings of internal investigations and management's response;
  - ix) To consider any related party transactions that may arise within the Company or Group; and
  - x) To consider other topics deemed fit by the Committee within its terms of reference and/or as defined by Board.
- ii) Discussed audit plans with external auditors before commencement of audit, and
  - iii) Reviewed external auditors' management letter and management's response.
- b) Meeting with external auditors
- Met with external auditors without the presence of executive board members to discuss issues relating to the audit of the Group.
- c) Internal Controls
- i) Reviewed internal audit plans with internal auditor covering the adequacy of scope, functions and resources of internal audit function;
  - ii) Discussed results of internal audit process and deliberated on highlighted issues of concern;
  - iii) Considered related party transactions that arose and advised the Board on the appropriate action to be taken;
  - iv) Discussed the impact of Messrs Arthur Andersen & Co's merger with Messrs Ernst & Young on the Group, reviewed the suitability of Messrs Ernst & Young as future auditors and proposed a change of external auditors to the Board;
  - v) Considered and approved the remit of the internal audit function;
  - vi) Advised the Board on the state of internal control of the Group and the issuance of the Statement on Internal Control.

### Review of the Audit Committee

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

### ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Committee met to discuss and review matters for subsequent recommendations to the Board of Directors. These include:

- a) Financial Statements
  - i) Reviewed the quarterly and year-end financial statements prior to the Board's approval for its release to KLSE and press;

### INTERNAL AUDIT FUNCTION

The internal audit department was established to carry out its duties impartially and independently. It has the principal responsibility of carrying out audits of the operations within the Group and provides general assurances to management and the Audit Committee.

The role of internal audit function as identified by the Audit Committee in the form of audit charter further includes furnishing management with independent analyses, appraisals, counsel and information on the activities reviewed. Special assignments and investigations are conducted from time to time as and when requested by the Board, Audit Committee and management.

Audit reports are issued to the Audit Committee incorporating findings, recommendations and management's response noted in the course of audits and corrective actions taken by operating units are reported back to the Committee at subsequent meetings.

# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code of Corporate Governance ("the Code") includes as a principle of Corporate Governance that the Board of Directors ("the Board") should "maintain a sound system of internal control" and the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE") requires the Board to disclose the state of internal control in the annual report.

The statement that follows, which is prepared in accordance with the guidelines provided by the Guidance for Directors of Public Listed Companies ("the Guidelines"), covers the financial year under review.

## BOARD'S RESPONSIBILITY

The Board perceives and accepts a sound and reliable internal control system as a base for good Corporate Governance within Paramount Corporation Berhad ("Paramount" or "the Company") and its group of companies ("the Group"). The Board assumes the overall responsibility of maintaining a sound and reliable system of internal control to safeguard shareholders' investment and the Company's assets.

During the financial year, the Board had set the tone to consolidate the established control culture in the Group with an appropriate control environment conducive to the internal control objectives set out in the Guidelines. The Board acknowledges the continuous need to review the adequacy and integrity of the internal control system and is aware that the internal control system can only provide reasonable but not absolute assurance. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board had approved and adopted a framework to identify, analyse, evaluate, treat and monitor principal risks affecting the Group's strategic business objectives throughout the year.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. Notwithstanding, the Group's interests are served through representation on the board of the respective associated companies and receipt and review of management accounts and enquiries thereon. These representations also provide the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the associated companies.

## RISK MANAGEMENT FRAMEWORK/ STRATEGIC PLANS

The Board and management have reviewed the Group's internal control and formalized the risk management practices to comply with the Guidelines and the Code. In conjunction with this the Board has supported management's effort in holding an awareness talk on risk management and engaging consultants to conduct a risk workshop for senior managers.

Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. This includes evaluating and addressing emerging risks encountered in investment ventures.

## INTERNAL AUDIT FUNCTION

The Board is aware that effective monitoring on a continuous basis is an essential component of a sound system of internal control. In this respect, the Board through the Audit Committee regularly receive and review reports on internal control from its internal audit function.

The internal audit function role is assumed by the Group's Internal Audit Department which reports directly to the Audit Committee Chairman. The Board emphasizes on its impartiality, proficiency and professionalism ensuring that all internal audit staff are not involved in any executive functions and that audits are carried out independently.

Scope and depth of work done by the internal audit function are determined by the Audit Committee after careful consideration and discussion of the audit plan with management.

## INFORMATION SYSTEMS

Management prepares and reviews comprehensive monthly financial information showing actual results against budget for the month and year-to-date. The financial and management information are collated together with updated forecasts for the financial year which are then submitted to the Board for quarterly review.

The Board approved an integrated ERP information system for the Group which was installed to support and enhance the information system. The integrity, adequacy, timeliness and security of the information systems are constantly reviewed.

## OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Clearly defined areas of responsibilities for all committees of the Board and clear lines of accountability for various level of management.

Good management culture and operating style with management review forming the base of the Group's internal control system and expected code of conduct for management staff.

A detailed budgeting and monitoring process which support the five (5)-year strategic plans of the Board and management. The Group's strategic planning process is reviewed by the Board on an annual basis.

Periodic documented principal risks report to the Board as compiled on a group wide basis.

Continuous upgrading and development of the internal control systems upon reported changes highlighted at the Audit Committee and Board levels.

The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes.

## NO MAJOR CONTROL WEAKNESSES

During the financial year under review, the Audit Committee and the Board had not requested the internal audit function to conduct any investigations and the Board is satisfied that the internal control system is functioning adequately and that its integrity is maintained. The Board is also pleased to report that based on reviews and observations made during the year, they are not aware of any material or significant weaknesses in the Group's internal control system that would result in material losses or affect the business objectives of the Group.



# ANALYSIS OF SHAREHOLDINGS as at 31 March 2003

## SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM101,497,949
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 999	205	3.87	64,759	0.06
1,000 – 10,000	4,653	87.78	13,190,206	13.00
10,001 – 100,000	395	7.45	10,773,776	10.62
100,001 – less than 5% of issued shares	44	0.83	29,986,208	29.54
5% and above of issued shares	4	0.07	47,483,000	46.78
<b>Total</b>	<b>5,301</b>	<b>100.00</b>	<b>101,497,949</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Paramount Equities Sdn Bhd	17,310,000	17.05
2. Paramount Equities Sdn Bhd	14,015,000	13.81
3. Serata Kaya Sdn Bhd	10,639,000	10.48
4. Southern Acids (M) Berhad	5,519,000	5.44
5. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore PBD for Gemwood Limited	4,821,750	4.75
6. Bunga Indah (M) Sdn Bhd	3,309,391	3.26
7. Southern Realty (M) Sdn Bhd	2,999,000	2.95
8. Thye Heng (How Kee) Company Sdn Bhd	2,569,000	2.53
9. Angsana Sutera Sdn Bhd	1,924,000	1.90
10. Thye Heng (How Kee) Company Sdn Bhd	1,490,000	1.47
11. Glamour Partnership Sdn Bhd	1,466,000	1.44
12. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan	1,190,000	1.17
13. Thye Heng (How Kee) Company Sdn Bhd	1,108,000	1.09
14. Yayasan Kelantan Darulnaim	958,000	0.94
15. AmFinance Berhad Pledged securities account for Ta Kin Yan (Smart)	465,000	0.46
16. Ooi Lay Suan	445,000	0.44
17. Sin Heap Lee Equities Sdn Bhd	385,140	0.38
18. Sin Yan Holdings (M) Sdn Bhd	385,140	0.38
19. Teo Chiang Quan	368,000	0.36
20. Choot Ching Koon	365,000	0.36
21. Tay Lee Kong	355,500	0.35
22. Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.33
23. Goh Beng Choo	332,000	0.33
24. Khor Joo Hong	331,000	0.33
25. Khor Joo Hong	326,000	0.32
26. Ghee Thong Sdn Bhd	321,000	0.32
27. Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Teo Soo Meng	300,000	0.30
28. Oh Kim Sun	255,000	0.25
29. Menteri Kewangan Malaysia	216,399	0.21
30. Art Printing Works Sdn Bhd	200,000	0.20
<b>Total</b>	<b>74,701,320</b>	<b>73.60</b>

## SUBSTANTIAL SHAREHOLDERS as at 31 March 2003

Name	No. of Ordinary shares of RM1.00 each		Percentage of issued share capital %
	Direct	Indirect	
Paramount Equities Sdn Bhd	31,325,000	–	30.86
Teo Chiang Quan	368,000	31,654,888 (1)	31.55
Southern Acids (M) Berhad	5,519,000	–	5.44
Serata Kaya Sdn Bhd	10,639,000	5,519,000 (2)	15.92
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000 (3)	16.25
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000 (4)	19.20
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000 (5)	19.38
Dato' Low Mong Hua	67,000	19,674,000 (6)	19.45
Thye Heng (How Kee) Company Sdn Bhd	5,167,000	–	5.09
Teh Liang Peng	–	5,167,000 (7)	5.09
Teh Wao Kheng	–	5,167,000 (7)	5.09
Teh Wei Siong	–	5,167,000 (7)	5.09
Teh Chee Tong	1,000	5,167,000 (7)	5.09
Teh Win Kee	23,000	5,167,000 (7)	5.11
Khor Joo Hong	657,000	5,167,000 (7)	5.74

## Notes:

1. By virtue of his equity interest in Paramount Equities Sdn Bhd, Teo Soo Pin Sdn Berhad and Qualipro Corporation Sdn Bhd.
2. By virtue of its deemed interest in Southern Acids (M) Berhad.
3. By virtue of its deemed interest in Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
4. By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
5. By virtue of its deemed interest in Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
6. By virtue of his deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
7. By virtue of their deemed interests in Thye Heng (How Kee) Company Sdn Bhd.

**DIRECTORS' SHAREHOLDINGS as at 31 March 2003****In Paramount Corporation Berhad**

	Shareholding	Direct %	Shareholding	Indirect %
Teo Chiang Quan	368,000	0.36	31,654,888	31.19
Ong Keng Siew	13,000	0.01	–	–
Dato' Md. Taib bin Abdul Hamid	–	–	50,000	0.05

	No. of options offered	No. of Options accepted	No. of Options exercised
Teo Chiang Quan	360,000	360,000	360,000
Ong Keng Siew	252,000	252,000	–

**In Related Corporations:**

	Shareholding	Direct %	Shareholding	Indirect %
<b>KDU College Sdn Bhd</b>				
Rohana Tan Sri Mahmood	–	–	353,000	15
<b>Paramount Corporation Limited</b>				
Teo Chiang Quan*	1	0.001	–	–

\* Held in trust for Paramount Corporation Berhad

By virtue of his interest in the Company, Teo Chiang Quan is also deemed interested in the shares of all the other subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

## SCHEDULE OF PROPERTIES HELD BY THE GROUP

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
16.11.1990 (22.04.1997)	Jalan Ceylon City of Kuala Lumpur Wilayah Persekutuan	23-storey residential condominium block consisting of 76 units of luxury apartments known as Regency Tower (Available for tenancy)	14 years	Freehold	40,238	48,848
11.03.1998	Jalan 3/109C Off Jalan Kelang Lama Wilayah Persekutuan	3 floors of office space (Available for tenancy)	10 years	99 years lease commencing 21.01.1979	Strata Title	199
19.12.1978 (06.08.2001)	Jalan SS22/21 Petaling Jaya Selangor Darul Ehsan	2 blocks of 5-storey and 1 block of 4 storey annexed commercial institute (College campus – KDU Petaling Jaya campus)	20 years	Freehold	123,900	8,788
28.04.2000	Nos. 3, 5 & 7 Jalan Teknologi 2/1 Seksyen 2 Kota Damansara Petaling Jaya Selangor Darul Ehsan	Land (Nos. 3 & 7 – vacant) No. 5 – KDU Smart School (Sri KDU)	1 year	30 years lease commencing 02.11.2000	520,543	29,437
13.06.2001	Block B, Gugusan Teratai (Mawarai), Jalan Cecawi 6/30 Kota Damansara Selangor Darul Ehsan	5-storey of 60 units of apartments (KDU Hostel apartments)	1 year	99 years lease	Strata Title	4,003
11.03.1998	A11-1, Bandar Sri Damansara Mukim of Sungai Buluh Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice (Tenanted)	6 years	Freehold	1,760	675
08.04.1982	Lot 11882 to 11886, HS(D) 13157 to 13161 T/K Jalan Batu Tiga Klang	Vacant Land	–	Freehold	6,698	3
04.01.1980	Mukim of Pengkalan Bahru District of Manjung Perak Darul Ridzuan	Oil Palm Plantation known as Dindings Oil Palm Estate	–	Freehold	74,090,932	5,833

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
08.04.1982	Mukim of Sungai Petani and Sungai Pasir District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Taman Patani Jaya (Under development)	–	Freehold	485,695	954
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Under development)	–	Freehold	2,985,377	9,963
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Held for future development)	–	Freehold	11,122,367	45,839
15.05.2001	1 Lorong BLM 1/1 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	2/3-storey shopoffice (Office premise – occupied by Patani Jaya Sdn Bhd and Belian Sakti Sdn Bhd)	2 years	Freehold	4,088	1,135
30.09.1994	P.T. 68352, 68353 & 68354 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Recreational Land (P.T. 68353 – Kelab Bandar Laguna Merbok's clubhouse; P.T. 68352 & P.T. 68354 – Vacant)	1 year	Freehold	1,414,333	12,707
06.03.2000	Geran 2672, Lot 460 Mukim of Pulai District of Baling Kedah Darul Aman	Land (Approved for low cost development)	–	Freehold	758,428	1,220
04.07.2000	Geran 1711, Lot 1143 Mukim of Semiling District of Kuala Muda Kedah Darul Aman	Land (Approved for low cost development)	–	Freehold	644,453	2,070
11.03.1998	21 Lorong 20 Taman Patani Jaya 08000 Sungai Petani Kedah Darul Aman	3-storey shopoffice (Tenanted)	15 years	Freehold	1,540	237
11.03.1998	No 19 & 19A Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	Corner-lot 2-storey shopoffice (Available for tenancy)	11 years	Freehold	2,967	254



Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
10.01.1999	No 7 Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	2-storey shopoffice (Tenanted)	11 years	Freehold	1,680	182
10.01.1999	No 9, 11, 31, & 39 Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	4 units of 2-storey shopoffice (Available for tenancy)	11 years	Freehold	6,720	729
21.04.1993 (15.08.2002)	Jalan Anson Daerah Timur Laut George Town Penang	1 block of 5-storey and 1 block of 8-storey with basement, annexed commercial institute	6 years	Freehold	90,966	27,185
28.07.1998	No 12, Jalan Khaw Sim Bee 10450 Penang	4-storey of 12 units apartment (KDU Hostel Apartments)	8 years	Freehold	15,565	3,010
18.08.1999	No 16, Lorong Binajaya 3 Kawasan Perusahaan Ringan Usahajaya Permatang Tinggi 14000 Bukit Mertajam	2-storey detached factory (Available for tenancy)	4 years	Freehold	1,916	170
16.02.2000	No 4, 6, 8, 10, 12, 14 & 16 Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	7 units of 2 storey semi-detached factories (Tenanted)	4 years	Freehold	45,500	2,286
16.02.2000	No 2 Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	1 unit of 2 storey semi-detached factories (Available for tenancy)	4 years	Freehold	6,500	327
30.12.1995 (01.04.1998)	Senai 111 Industrial Park Johor Bahru Johor Darul Takzim	Factory Land & Building (Vacant)	6 years	30 years lease commencing 28-02-1996	164,221	7,229
30.04.1997 (20.02.2002)	10/F, Parkview Commercial Building, 9-11 Shelter Street Causeway Bay Hong Kong	Office Space (Occupied by Paramount Corporation Ltd)	20 years	999 years lease commencing 20.05.1889	1,400	913

## FIVE YEAR GROUP FINANCIAL PROFILE

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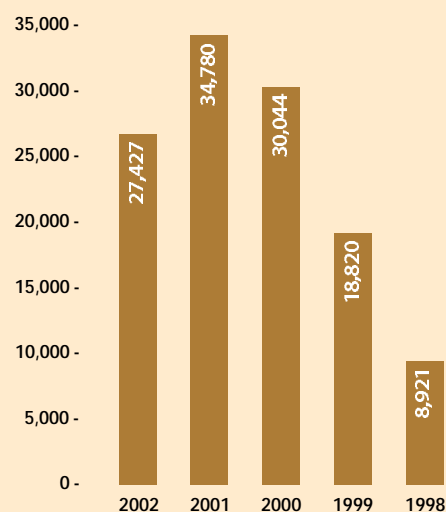
PARAMOUNT CORPORATION BERHAD • 3578-A

	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000	Year 31 Dec 1999 RM'000	Year 31 Dec 1998 RM'000
<b>TURNOVER</b>	<b>213,517</b>	163,695	134,410	142,767	120,655
<b>EARNINGS</b>					
Profit from operations	<b>24,565</b>	29,372	25,824	18,633	11,957
Exceptional items	<b>0</b>	0	0	2,227	(1,899)
Share of profit/(loss) of associated companies	<b>2,862</b>	5,408	4,220	(2,040)	(1,137)
Profit before taxation	<b>27,427</b>	34,780	30,044	18,820	8,921
Taxation	<b>(11,188)</b>	(11,485)	(9,845)	318	(5,673)
Profit after taxation	<b>16,239</b>	23,295	20,199	19,138	3,248
Minority interests	<b>(233)</b>	(1,017)	(953)	(1,304)	239
Retained profits brought forward	<b>16,006</b> <b>100,340</b>	22,278 79,861	19,246 64,034	17,834 49,417	3,487 48,398
Profits attributable to members of the Company	<b>116,346</b>	102,139	83,280	67,251	51,885
Net dividends	<b>(6,298)</b>	(1,799)	(3,419)	(3,217)	(2,468)
Retained profits carried forward	<b>110,048</b>	100,340	79,861	64,034	49,417

**TURNOVER RM'000**

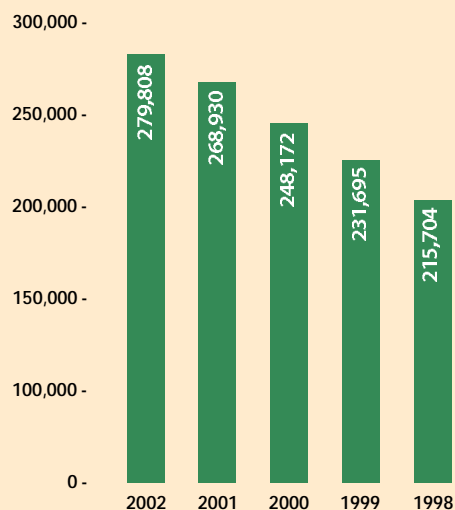


**PROFIT BEFORE TAX RM'000**



	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000	Year 31 Dec 1999 RM'000	Year 31 Dec 1998 RM'000
<b>ASSETS EMPLOYED</b>					
Property, plant and equipment	189,915	162,621	144,508	132,814	136,569
Associated companies	36,544	27,266	25,830	22,252	2,040
Other investments	271	9,843	3,581	5,136	27,235
Land held for development	40,283	42,335	47,204	47,534	48,882
Net current assets	38,532	36,681	40,629	42,531	35,464
Term Loan	(18,440)	(2,500)	(7,500)	(13,538)	(22,213)
Long Term Liabilities	(2,413)	(2,413)	(2,284)	(1,941)	(1,059)
Provision for Retirement Benefits	(782)	(577)	(571)	(516)	(479)
Minority Interests	(4,102)	(4,326)	(3,225)	(2,577)	(3,473)
Unearned Premium Reserve	0	0	0	0	(12,694)
Net tangible assets	279,808	268,930	248,172	231,695	210,272
Goodwill	0	0	0	0	5,432
Net Assets	279,808	268,930	248,172	231,695	215,704
<b>FINANCED BY</b>					
Share capital	101,301	100,199	99,958	99,279	97,955
Capital reserves	4,703	4,726	4,690	4,730	4,686
Share premium	63,756	63,665	63,663	63,652	63,646
Retained profits	110,048	100,340	79,861	64,034	49,417
Shareholders' funds	279,808	268,930	248,172	231,695	215,704
<b>FINANCIAL STATISTICS</b> (Per ordinary share of RM1 each)					
Earnings before taxation	27.2 sen	34.8 sen	30.1 sen	19.1 sen	9.1 sen
Earnings after taxation	15.9 sen	22.3 sen	19.3 sen	18.1 sen	3.6 sen
Dividends gross	7.50 sen	7.50 sen	4.75 sen	4.50 sen	3.50 sen
Dividend cover (times)	2.54	12.38	5.63	5.54	1.41
Net tangible assets	RM2.76	RM2.68	RM2.48	RM2.33	RM2.15

SHAREHOLDERS' FUNDS RM'000



EARNINGS PER SHARE Sen



# STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Kuala Lumpur Stock Exchange.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.