

**General Announcement**

Reference No **MB-101203-44467**

Submitting Merchant Bank : AMINVESTMENT BANK BERHAD  
Company Name : **PACIFICMAS BERHAD**  
Stock Name : PACMAS  
Date Announced : 03/12/2010

Type : Announcement  
Subject : PACIFICMAS BERHAD (“PACIFICMAS” OR “COMPANY”)

PROPOSED DISPOSAL BY PACIFICMAS OF 100% EQUITY INTEREST IN THE PACIFIC INSURANCE BERHAD (“PIB”) COMPRISING 100,000,000 ORDINARY SHARES OF RM1.00 EACH (“SALE SHARES”) TO FAIRFAX ASIA LIMITED (“FAIRFAX ASIA”) FOR A DISPOSAL CONSIDERATION OF RM201 MILLION, SUBJECT TO SUCH ADJUSTMENTS AS SPECIFIED IN THE SHARES SALE AGREEMENT (“SSA”), TO BE SATISFIED ENTIRELY BY CASH (“PROPOSED DISPOSAL”)

Contents : On behalf of the Board of Directors of PacificMas, AmInvestment Bank Berhad, a member of AmInvestment Bank Group, wishes to announce that PacificMas had on 3 December 2010, entered into an SSA with Fairfax Asia, for the Proposed Disposal.

Details of the Proposed Disposal are set out in the announcement attached.

This announcement is dated 3 December 2010.

Attachments : [@PacMas Announcement 03122010.pdf](#)

Announcement Details :

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## **PACIFICMAS BERHAD ("PACIFICMAS" OR "COMPANY")**

**PROPOSED DISPOSAL BY PACIFICMAS OF 100% EQUITY INTEREST IN THE PACIFIC INSURANCE BERHAD ("PIB") COMPRISING 100,000,000 ORDINARY SHARES OF RM1.00 EACH ("SALE SHARES") TO FAIRFAX ASIA LIMITED ("FAIRFAX ASIA") FOR A DISPOSAL CONSIDERATION OF RM201 MILLION, SUBJECT TO SUCH ADJUSTMENTS AS SPECIFIED IN THE SHARES SALE AGREEMENT ("SSA"), TO BE SATISFIED ENTIRELY BY CASH ("PROPOSED DISPOSAL")**

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### **1. INTRODUCTION**

We refer to our announcement on 16 November 2010 in respect of the approval from the Minister of Finance ("MoF") through Bank Negara Malaysia ("BNM") for the Proposed Disposal.

On behalf of the Board of Directors of PacificMas ("Board"), AmInvestment Bank Berhad (a member of AmInvestment Bank Group) ("AmInvestment Bank"), is pleased to announce that the Company has on 3 December 2010, entered into an SSA with Fairfax Asia, for the Proposed Disposal.

Further details of the Proposed Disposal are set out in the ensuing sections.

### **2. DETAILS OF THE PROPOSED DISPOSAL**

PacificMas agrees to sell and Fairfax Asia agrees to purchase the Sale Shares upon the terms and conditions of the SSA. The consideration for the Sale Shares which is to be fully satisfied in cash is RM201 million plus the incremental net tangible assets ("NTA") of PIB from 31 December 2008 to the month end immediately preceding the day upon which the condition precedent as set out in Section 2.1.2 below is fulfilled ("Unconditional Date") or such other date as the parties may agree ("Incremental NTA") subject to adjustments in accordance with Sections 2.1.4 and 2.1.5 below ("Disposal Consideration").

In the event that the NTA as at the month end immediately preceding the Unconditional Date or such other date as the parties may agree falls below the audited NTA as at 31 December 2008, the Disposal Consideration will be determined based on Section 2.1.4 (b) below.

The NTA of PIB as at 31 December 2008 was RM119.9 million. Based on PIB's latest audited NTA of RM126.40 million as at 31 December 2009, the Incremental NTA amounted to approximately RM6.52 million. Accordingly, the indicative Disposal Consideration based on PIB's latest audited NTA as at 31 December 2009 is RM207.52 million.

Based on PIB's latest unaudited NTA of RM137.98 million as at 31 October 2010, the Incremental NTA amounted to approximately RM18.10 million. Accordingly, the indicative Disposal Consideration based on PIB's latest unaudited NTA as at 31 October 2010 is RM219.10 million.

## **2.1 Salient Terms of the SSA**

The salient terms of the SSA are as follows:-

### **2.1.1 Basis of Sale**

The Sale Shares are sold :-

- (a) free from all liens, charges and encumbrances and with full legal and beneficial title with effect from completion of the SSA; and
- (b) on the basis of the warranties and representations of PacificMas as set out in the SSA,

but without benefit to the existing intellectual property rights relating to or associated with PacificMas and its subsidiaries' ("**PacificMas Group**") logo of a "blue wave" and all other words or marks deriving therefrom currently used in conjunction with the name "The Pacific Insurance Berhad", which is the absolute property of PacificMas and is not included in the sale.

### **2.1.2 Condition Precedent**

The SSA is conditional upon the approval of the shareholders of PacificMas at a general meeting in respect of the Proposed Disposal in accordance with the terms and conditions of the SSA being obtained on or prior to the date falling two (2) months from the date of the SSA or such other date as PacificMas and Fairfax Asia may agree in writing ("**Cut-off Date**").

### **2.1.3 Payment of Disposal Consideration**

Fairfax Asia shall pay the Disposal Consideration to PacificMas in the following manner:

- (a) together with the execution of the SSA, a deposit of RM20 million be paid by Fairfax Asia to PacificMas, to be dealt with in accordance with the terms and conditions of the SSA; and
- (b) the balance of the Disposal Consideration will be paid by Fairfax Asia on the business day falling 3 business days after determination of the NTA of PIB in accordance with Section 2.1.5 below or such other date as may be agreed upon between the parties ("**Completion Date**").

**2.1.4 Determination of Disposal Consideration**

- (a) Subject to 2.1.4 (b) below, the price payable for the Sale Shares will be calculated based on the following formula:

$$\text{RM}201,000,000 + (A - B)$$

where:-

A = the NTA of PIB as determined in accordance with Section 2.1.5 below.

B = RM119,882,362 being the NTA of PIB as at 31 December 2008.

- (b) If A is less than B in amount, the price payable for the Sale Shares would be calculated based on the following formula :

$$A \times 1.675$$

where -

A = the NTA of PIB as determined in accordance with Section 2.1.5 below.

**2.1.5 Determination of NTA of PIB as at Unconditional Date**

- (a) Within 10 business days following the Unconditional Date or such other date as the parties may agree, PacificMas will write to Fairfax Asia to inform them of the NTA of PIB as at the month end immediately preceding the Unconditional Date or such other date as the parties may agree.
- (b) If the Unconditional Date falls before 31 December 2010, the determination of NTA in Section 2.1.5 (a) above shall exclude –
- (i) estimated profit commission income due to PIB from its reinsurers from 1 January 2010 to the month end immediately preceding the Unconditional Date; and
  - (ii) estimated profit commission due to PIB's agents from 1 January 2010 to the month end immediately preceding the Unconditional Date,

and the adjustments for Section 2.1.5 (b)(i) and Section 2.1.5 (b)(ii) shall be determined based on time apportionment method of the annual profit commission sums for the financial year ending ("FYE") 31 December 2010 and Fairfax Asia must notify PacificMas in writing of the net amount owing by either Fairfax Asia or PacificMas from these adjustments for settlement within six (6) months from the Completion Date. The net amount owing by either Fairfax Asia or PacificMas from these adjustments shall be certified by an independent auditor to be appointed by Fairfax Asia, at Fairfax Asia's cost and expense, and the parties agree that the findings of the independent auditor will be final.

- (c) Within 5 business days of PacificMas' notification in Section 2.1.5 (a) above, Fairfax Asia must confirm whether or not it agrees with the NTA figure provided by PacificMas.
- (d) If Fairfax Asia does not reply to PacificMas within the time period stated in Section 2.1.5 (c) above, or if Fairfax Asia does not agree with the NTA provided by PacificMas, Fairfax Asia will appoint an independent auditor of its choice to determine the NTA in accordance with Section 2.1.5 (a) above, and the parties agree that the findings of the independent auditor will be final.
- (e) The appointment of the independent auditor is conditional upon the following:
  - (i) All the costs incurred in relation to this appointment will be borne by Fairfax Asia.
  - (ii) The findings of the independent auditor must be made available to PacificMas and Fairfax Asia within 15 business days of its appointment.
- (f) The NTA shall be computed using the same accounting principles, policies, bases, practices and estimation techniques as were used in the preparation of PIB's annual audited accounts.

#### **2.1.6 Dividend**

The parties acknowledge and agree that the Disposal Consideration was arrived at on the basis that PIB may declare and pay out dividend prior to the Completion Date. In the event PIB declares dividend, PacificMas shall ensure that, on the Unconditional Date, PIB's NTA shall not be less than the audited NTA as at 31 December 2008 of RM119,882,362.

#### **2.1.7 Pre-Completion Obligations**

PacificMas hereby undertakes that from the date of the SSA and up to and including the Completion Date, PacificMas shall procure and ensure that PIB shall not, do any act or thing save as may be necessary in order for PIB to carry on the business in the manner in which the business is conducted as at the date of the SSA or to comply with any law binding on PIB, and PIB shall not, at anytime from the date of the SSA up to the Completion Date, without Fairfax Asia's prior written consent :-

- (a) enter into any agreement with any party or extend or renew any existing agreement whereby the obligations of PIB under such agreement will extend to more than one (1) year; or
- (b) enter into any agreement that is material to PIB save in the ordinary course of its business.

PacificMas agrees that, from the date of signing of the SSA and up to and including the Completion Date, and provided always that Fairfax Asia must have secured the prior approval of BNM for this purpose, Fairfax Asia is entitled to nominate two (2) representatives of Fairfax Asia to attend board and management meetings of PIB as observers without executive power or authority. The said two (2) representatives of Fairfax Asia shall be given access to all information and documents in relation to the business of PIB.

#### **2.1.8 Divestment Plan of Fairfax Asia**

The MoF via BNM has approved the purchase of the Sale Shares by Fairfax Asia subject to the condition that Fairfax Asia is to divest at least 30% of its equity interest in PIB to local investors within one year from the Completion Date. The parties agree and acknowledge that the non-fulfilment by Fairfax Asia of the condition imposed by BNM, shall not impede or affect the completion of the SSA.

#### **2.1.9 Use and Ownership of Name**

PacificMas acknowledges and agrees that it shall not make any claim or take any action against Fairfax Asia in relation to the use of the "The Pacific Insurance Berhad" name by Fairfax Asia and/or PIB.

### **2.2 Basis & Justification of the Disposal Consideration**

The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis through a competitive bidding process after taking into consideration the following:-

- (a) The disposal consideration (without taking into account the Incremental NTA) of RM201 million represents a price-to-book ("PB") multiple of 1.68 times based on the audited NTA of PIB as at 31 December 2008 of RM119.88 million;
- (b) The Incremental NTA of PIB subsequent to 31 December 2008 is to be accrued to PacificMas. The Incremental NTA based on the unaudited financial statements of PIB as at 31 October 2010 is approximately RM18.10 million. Hence, the indicative Disposal Consideration of RM219.10 million represents a PB multiple of 1.59 times based on the NTA of PIB as at 31 October 2010 of RM137.98 million;

During the bidding process involving three interested bidders, the highest bid price received was from Fairfax Asia.

The PB multiples of 1.59 times based on the unaudited NTA of PIB as at 31 October 2010 and 1.68 times based on the audited NTA of PIB as at 31 December 2008 are:-

- (a) within the range of PB multiple of comparable general insurance companies listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") of between 1.07 times to 1.83 times as at 2 December 2010; and
- (b) higher than the average PB multiple of comparable past precedent transactions involving insurance companies in Malaysia since 2001 up to 2 December 2010 where the stake to be acquired in the target company is at least 33% of 1.46 times.

**2.3 Utilisation of proceeds from the Proposed Disposal**

The Board is proposing to distribute the proceeds arising from the Proposed Disposal to shareholders except for approximately RM3.5 million which will be utilised to defray estimated expenses relating to the Proposed Disposal and for working capital purposes.

Pending full utilisation of the proceeds, the Disposal Consideration or part thereof would be invested in unit trust funds managed by licensed fund managers which invest mainly in short-term fixed income investments as well as deposits with financial institutions.

Barring unforeseen circumstances, the proceeds are expected to be distributed/utilised within six (6) months from the Completion Date.

**2.4 Liabilities to be Assumed by Fairfax Asia**

There are no liabilities, including contingent liabilities and guarantees (other than those in the books of PIB), to be assumed by Fairfax Asia pursuant to the Proposed Disposal.

**2.5 Original Cost and Date of Investment in PIB**

PacificMas' original cost of investment in PIB was RM106.46 million and the investments were made between 2 July 1993 to 29 June 2001.

**2.6 Cash Company or Practice Note ("PN") 17 Company**

The Proposed Disposal is not expected to result in PacificMas becoming a cash company or PN 17 Company, as defined by the Main Market Listing Requirements of Bursa Securities ("Listing Requirement").

**2.7 Background Information on PIB**

PIB was incorporated as a private limited company on 20 October 1982 under the Companies Act, 1965 under the name of The Netherlands Insurance (Malaysia) Sdn Bhd. It was subsequently converted to a public limited company and changed its name to The Netherlands Insurance (Malaysia) Berhad on 19 February 1994. It changed its name to The Pacific Netherlands Insurance Berhad on 8 March 1994 and assumed its present name on 15 June 1995.

PIB is a wholly-owned subsidiary of PacificMas. The principal activity of PIB consists of the underwriting of general insurance business.

As at 30 November 2010, PIB has an issued and paid-up share capital of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. As at 30 November 2010, PIB does not have any subsidiary and associated company.

The summary financial information of PIB based on the audited financial statements for the past three (3) FYE 31 December 2009 and the unaudited financial statements for the financial period ended ("FPE") 31 October 2010 are as follows:-

| FYE 31 December                   | Audited     |             |                           | Unaudited<br>For the FPE<br>31 October<br>2010 |
|-----------------------------------|-------------|-------------|---------------------------|--|
|                                   | 2007<br>RM  | 2008<br>RM  | 2009 <sup>(1)</sup><br>RM |  |
| Revenue                           | 139,516,694 | 154,469,735 | 160,389,203               | 133,236,773                                    |
| Profit before taxation<br>("PBT") | 14,462,959  | 6,668,853   | 3,315,379                 | 7,439,635                                      |
| Profit after taxation ("PAT")     | 10,034,120  | 4,937,447   | 3,027,281                 | 9,082,895                                      |
| Net assets ("NA")                 | 114,995,347 | 119,932,794 | 126,445,089               | 138,015,377                                    |

Note:

(1) For FYE 31 December 2009, PIB had revised its accounting estimates for determination of provisions for premium and claim liabilities due to the implementation of the Risk-Based Capital Framework by BNM effective 1 January 2009. This has resulted in adjustments to the opening balances for premium and claim liabilities, as well as consequential income tax liabilities, which are recognised prospectively on 1 January 2009.

**Commentaries:**

**FYE 31 December 2007**

PIB recorded a marginal increase in PBT by 1.2% to RM14.46 million in FYE 31 December 2007 mainly due to higher investment and other operating income by RM1.16 million despite a decline in underwriting surplus by RM0.98 million to RM1.05 million.

**FYE 31 December 2008**

PIB recorded a decrease in PBT to RM6.67 million mainly due to decline in net realised gain on investments by RM4.06 million as well as higher provision for diminution in value of investments by RM2.95 million. Underwriting surplus fell to RM0.15 million in FYE 31 December 2008 as a result of adverse claims experience mainly for motor insurance.

**FYE 31 December 2009**

PIB recorded a decrease in PBT to RM3.32 million mainly due to the underwriting deficit of RM8.58 million in FYE 31 December 2009 compared with a surplus of RM0.15 million in FYE 31 December 2008. The underwriting performance of PIB in FYE 31 December 2009 was affected by the following:-

- a) The Risk-Based Capital Framework of BNM, which took effect on 1 January 2009, set out new bases for estimation of premium and claim liabilities. Consequently, PIB made writeback adjustments for premium and claim liabilities amounting to RM4.87 million via restatement of its opening retained profits for FYE 31 December 2009 instead of recognising the writeback adjustments in the underwriting results for the financial year; and
- b) higher commission expenses arising from payment of 2008 profit commission to agents and provisioning for 2009 profit commission, which totalled RM2.07 million (2008: RM Nil).

However, PIB achieved positive investment performance with trading gain on equities of approximately RM4.0 million in FYE 31 December 2009 as compared to trading loss of approximately RM3.6 million in the preceding financial year.

## **2.8 Background Information on Fairfax Asia**

Fairfax Asia was incorporated on 24 November 2003 under the Barbados Companies Act and is licensed under the International Business Companies Act, Cap. 77.

The principal activity of Fairfax Asia is to act as a holding company. Fairfax Asia is a wholly-owned subsidiary of Fairfax Financial Holdings Limited ("FFHL"). FFHL is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management.

As at 30 November 2010, the issued and paid-up share capital of Fairfax Asia is United States Dollar ("USD") 191.0 million comprising of 191.0 million common shares of no par value.

Based on the audited consolidated financial statements of Fairfax Asia for FYE 31 December 2009, the NA was USD334.28 million and the profit after taxation and minority interests was USD39.09 million.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

On completion of the take-over offer by OCBC Capital (Malaysia) Sdn Bhd ("OCSB") in April 2008 ("Offer"), OCSB became the controlling major shareholder of PacificMas, and consequently Oversea-Chinese Banking Corporation Limited ("OCBC"), a public listed company in Singapore, became the ultimate holding company of PacificMas. Given that OCBC through Great Eastern Holdings Limited also owns 100% equity interest in Overseas Assurance Corporation (Malaysia) Berhad ("OACM"), the MoF via BNM had, via its letter dated 21 March 2008, imposed the following conditions:-

- (a) OCBC is required to resolve its holdings in PIB and OACM, within 18 months from the date of completion of the Offer; and
- (b) In the event of a merger between OAC and PIB, OCBC is required to dispose of and limit its interest in the merged entity to not more than 51%, within 18 months from the date of completion of the Offer.

On 2 February 2010, OCSB notified PacificMas that BNM had approved an extension of time of one (1) year from 18 October 2009 for OCBC to comply with the abovementioned conditions. Further, on 11 November 2010, OCSB notified PacificMas that BNM had approved a further extension of time of six (6) months from 17 October 2010 for OCBC to comply with the abovementioned conditions.

The Proposed Disposal is in line with the decision made by the Board in 2008 to dispose of its 100% equity interest in PIB as a result of the requirement imposed by BNM and the recommendation provided by an external consultant arising from a comprehensive business review of PIB.

Since July 2008, PacificMas had obtained prior approval from BNM to enter into negotiations with several interested parties to dispose of 100% equity interest of PIB. These negotiations were eventually called off due to the global financial crisis which began in 2008 as well as disagreements on pricing. The Proposed Disposal represents a major breakthrough in the effort taken by the PacificMas Group to dispose of PIB at a price which the Board believes is fair.

Furthermore, the Proposed Disposal will allow the PacificMas Group to unlock and crystallise the value of its investment in PIB while realising a consolidated gain on disposal of approximately RM70.5 million based on the net book value of PIB as at 31 December 2009.

In addition, the Proposed Disposal will provide an opportunity for the Company to reward its shareholders via a cash distribution to shareholders.

**4. EFFECTS OF THE PROPOSED DISPOSAL**

**4.1 Share Capital and Substantial Shareholders' Shareholdings**

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as it will be fully satisfied by cash.

**4.2 NA and Gearing**

For illustrative purposes, the proforma effects of the Proposed Disposal on the NA and gearing of the PacificMas Group based on its latest audited financial statements for FYE 31 December 2009 are as follows:-

|                          | Audited as at<br>31 December<br>2009<br>RM'000 | After the<br>Proposed<br>Disposal<br>RM'000 |
|--------------------------|--|---|
| Share capital            | 170,994  | 170,994                                     |
| Fair value reserves      | (1,297)  | (979)                                       |
| Retained profits         | 398,824  | 467,836 <sup>(1)</sup>                      |
| Shareholders' funds / NA | <u>568,521</u>                                 | <u>637,851</u>                              |
| NA per share (RM)        | 3.32   | 3.73  |
| Borrowings               | 273,109  | 273,109                                     |
| Gearing (times)          | 0.48   | 0.43  |

Note:

(1) After incorporating a gain on disposal of RM70.5 million on the assumption that the Proposed Disposal had been effected on 31 December 2009, and estimated expenses relating to the Proposed Disposal of approximately RM1.5 million.

**4.3 Earnings per share ("EPS")**

Based on the indicative Disposal Consideration of RM207.52 million as set out in Section 2 above, the Proposed Disposal is expected to result in a gain on disposal of approximately RM70.5 million (or 41 sen per share) to the PacificMas Group (based on the net book value of PIB as at 31 December 2009).

**5. APPROVALS REQUIRED FOR THE PROPOSED DISPOSAL**

The Proposed Disposal is conditional upon approvals being obtained from the following:-

- (a) MoF through BNM, which was obtained on 16 November 2010; and
- (b) the approval of the shareholders of PacificMas at an extraordinary general meeting ("EGM") to be convened.

**6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save as disclosed below, none of the directors and/or major shareholders of the Company and/or persons connected with a director or major shareholder have any interest, direct or indirect, in the Proposed Disposal:-

**6.1 Interested Major Shareholder**

Koperasi Angkatan Tentera Malaysia Berhad ("**KAT**") is a major shareholder of PacificMas with 16.44% direct shareholdings as at 30 November 2010. Fairfax Asia has invited KAT to be its local partner and intends to divest certain equity interest in PIB to KAT after the completion of the Proposed Disposal. Given that KAT may have equity participation in PIB in the future, KAT is deemed interested in the Proposed Disposal. Accordingly, KAT will abstain from voting in respect of its shareholdings in PacificMas, direct or indirect, on the Proposed Disposal at the forthcoming EGM of PacificMas. KAT will also undertake to ensure that persons connected with it (if any) will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Disposal to be tabled at an EGM to be convened.

**6.2 Interested Director**

Brig. Jen (R) Dato' Ahmad Zahudi Bin Haji Salleh ("**Dato' Ahmad Zahudi**") is deemed interested in the Proposed Disposal as he is a nominee director of KAT on the Board. Accordingly, he has abstained and will continue to abstain from all deliberations and voting at the relevant board meetings of PacificMas in respect of the Proposed Disposal. As at 30 November 2010, he does not hold any shares, direct or indirect, in PacificMas. He will also undertake to ensure that persons connected with him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings pertaining to the resolution for the Proposed Disposal to be tabled at an EGM to be convened.

**7. DIRECTORS' STATEMENT**

The Board (save for Dato' Ahmad Zahudi), after having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects), is of the opinion that the Proposed Disposal is in the best interest of the Company and shareholders.

**8. AUDIT COMMITTEE'S STATEMENT**

The audit committee of the Company, after having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects) and the fairness evaluation of the Independent Adviser ("IA"), is of the opinion that the Proposed Disposal is fair, reasonable and on normal commercial terms, in the best interest of the Company and is not detrimental to the interest of the non-interested shareholders.

**9. ADVISER**

AmInvestment Bank has been appointed as Adviser to the Company for the Proposed Disposal.

**10. RELATED PARTY TRANSACTION**

In view of the interests of a major shareholder and a director as set out in Section 6 above, the Proposed Disposal is deemed to be a related party transaction under Chapter 10 of the Listing Requirements.

As such, RHB Investment Bank Berhad has been appointed as the IA to provide the non-interested directors and non-interested shareholders of PacificMas with an independent evaluation of the Proposed Disposal to form an opinion as to whether the terms of the Proposed Disposal are fair and reasonable in so far as the shareholders of the Company are concerned and whether the Proposed Disposal is detrimental to the non-interested shareholders of the Company.

**11. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DISPOSAL**

Barring unforeseen circumstances, the Proposed Disposal is expected to be completed by the first quarter of 2011.

**12. CIRCULAR TO SHAREHOLDERS**

A circular to shareholders setting out the details of the Proposed Disposal will be sent to shareholders of the Company in due course.

**13. OTHER INFORMATION**

The highest percentage ratio applicable to the Proposed Disposal as per Paragraph 10.02(g) Chapter 10 of the Listing Requirements is the Disposal Consideration of RM 207.52 million compared with the NA of PacificMas which amounts to approximately 37% based on the latest audited consolidated financial statements of the PacificMas Group for FYE 31 December 2009.

The Company has not transacted (not being a transaction within the ordinary course of business) with KAT for the twelve (12) months preceding the date of this Announcement.

**14. DOCUMENTS FOR INSPECTION**

The SSA will be made available for inspection at the registered office of PacificMas at Level 19, Menara Prudential, 10, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 3 December 2010.