

PACIFICMAS BERHAD (“PACIFICMAS” OR “COMPANY”)

DISPOSAL OF 20% EQUITY INTEREST IN MALAYSIAN TRUSTEES BERHAD (“MTB”)

1. INTRODUCTION

The Board of Directors of PacificMas wishes to announce that on 15 June 2011, the Company together with OCBC Bank (Malaysia) Berhad, United Malacca Berhad, RAM Consultancy Services Sdn Bhd, The Atlas Ice Company, Berhad and the Estate of Tan Hoon Siang (Deceased) (collectively, the “Vendors”) entered into a shares sale agreement (“SSA”) with OSK Investment Bank Berhad (“OSK Investment”) (the “Purchaser”) , for the disposal by the Vendors of their respective shareholdings in MTB totaling 105,000 ordinary shares of RM10.00 each partly paid up to RM5.00 each, representing approximately 95.45% of the issued and paid up capital of MTB at a cash consideration of RM98.61 per ordinary share to OSK Investment.

Further details of the Company’s disposal of shares in MTB are set out in the ensuing sections.

2. DETAILS OF THE DISPOSAL

On 15 June 2011, PacificMas disposed of its entire 20% equity interest in MTB comprising 22,000 ordinary shares of RM10.00 each partly paid up to RM5.00 each (“Sale Shares”) for a total cash consideration of RM2,169,420 to OSK Investment pursuant to the SSA mentioned above (“Disposal”).

This Disposal was completed today with the receipt of the disposal consideration of RM2,169,420 by PacificMas.

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, pledges, charges, restrictions, security interest and encumbrances and with full legal and beneficial title together with all rights, benefits and entitlements with effect from completion of the sale and purchase of the 105,000 ordinary shares of RM10.00 each and partly paid up to RM5.00 per ordinary share in MTB; and
- (b) on the basis of the warranties and representations of the Vendors set out in the SSA.

2.1.2 Payment

OSK Investment will pay the disposal consideration to the Vendors on 15 June 2011 or any other date that is agreed upon, by all parties in writing.

2.1.3 Post-Completion Obligations

OSK Investment undertakes to –

- (a) procure MTB to notify the Securities Commission in writing of the change of shareholders and directors within one month from completion of the

sale and purchase of the 105,000 ordinary shares of RM10.00 each and partly paid up to RM5.00 per ordinary share in MTB; and

- (b) take such actions that is required in relation to the mandatory take-over offer under the Malaysian Code on Take-Overs and Mergers 2010 (“the Code”) and the Capital Markets and Services Act 2010, including applying for the necessary exemption under the Code as may be applicable vis-à-vis the remaining shareholder of MTB within the applicable period as prescribed under the Code.

For the avoidance of doubt, the parties agree that the non-fulfilment of this obligation by OSK Investment shall not in anyway impede or affect the transaction contemplated under the SSA, nor give the Vendors the right to terminate the SSA.

2.1.4 Vendors’ obligations several

OSK Investment acknowledges and agrees that each Vendor’s covenants, agreements, obligations, responsibilities and liabilities under the SSA binds them severally and not jointly. Each Vendor would therefore not be held liable beyond its portion, and OSK Investment will not claim against any Vendor for the action or omission of another Vendor if that other Vendor is unable to fulfil its covenants, agreements, obligations, responsibilities and liabilities for any reason.

2.2 Basis & Justification of the Disposal Consideration

The consideration of RM2,169,420 for the Sale Shares is to be fully satisfied in cash, calculated on the basis of RM98.61 per ordinary share (“**Disposal Consideration**”).

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis.

OSK Investment’s offer of RM98.61 per ordinary share is equivalent to a valuation of RM10.85 million for the entire issued share capital (110,000 shares) of MTB. In terms of price-to-earning value, the offer price is equivalent to 5.43 times based on the audited net profit of MTB for the financial year ended 31 December 2010. In terms of price-to-book value, the offer price is equivalent to 1.39 times based on the audited net tangible assets of MTB as at 31 December 2010.

The Disposal Consideration was received by PacificMas on 15 June 2011.

2.3 Utilisation of proceeds from the Disposal

The proceeds arising from the Disposal will be utilised by PacificMas for working capital purpose except for approximately RM20,000 to be set aside to defray estimated expenses relating to the Disposal.

2.4 Liabilities to be assumed by OSK Investment

There are no liabilities (other than those in the books of MTB), to be assumed by OSK Investment pursuant to the SSA.

2.5 Original Cost and Date of Investment in MTB

PacificMas' original cost of investment in MTB was RM0.276 million and the investments were made in December 1995 and February 1998.

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

The 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 Malaysia Securities Berhad ("Listing Requirements").

2.7 Background Information on MTB

MTB was incorporated as a public limited company on 25 January 1975 under the Companies Act, 1965 and registered as a Trust Company under the Trust Companies Act, 1949 on 2 March 1976.

MTB was an associated company of PacificMas. The principal activities of MTB are to act as trustee agents, executors and administrators pursuant to the Trust Companies Act, 1949.

As at 31 May 2011, MTB has an issued share capital of RM1,100,000 comprising 110,000 ordinary shares of RM10.00 each partly paid up to RM5.00 each. As at 31 May 2011, MTB does not have any subsidiary and associated company.

The summary financial information of MTB based on the audited financial statements for the past three (3) financial years ended 31 December 2008 to 31 December 2010 and the unaudited financial statements for the financial period ended 31 May 2011 are as follows:-

Financial year ended 31 December	←-----Audited----->			Unaudited for the financial period ended
	2008 RM	2009 RM	2010 RM	31 May 2011 RM
Total income	4,840,672	4,580,227	5,564,620	2,146,788
Profit before taxation	3,138,063	2,553,933	2,828,816	1,167,529
Profit after taxation	2,357,613	1,932,407	1,998,226	900,647
Total assets	9,419,220	10,591,169	10,958,153	12,291,130
Net tangible assets	6,725,726	7,810,874	7,784,511	8,766,441

2.8 Background Information on OSK Investment

OSK Investment is a wholly-owned subsidiary of OSK Holdings Berhad ("OSK Holdings"). The OSK Holdings Group commenced operations in 1963 and obtained its investment banking licence in 2007. The OSK Holdings Group is now a regional investment banking group with more than 3,000 professionals in over 80 offices across the ASEAN plus the Hong Kong region. It has offices in Malaysia, Singapore, Indonesia,

Cambodia and Hong Kong as well as representative offices in the People's Republic of China.

OSK Investment is principally engaged in stock broking, futures broking, corporate advisory, debt securities, interbank market activities, corporate loans, wholesale deposit, Islamic banking and other related activities.

As at 31 May 2011, the issued and paid up share capital of OSK Investment is RM660,000,000 comprising 660,000,000 ordinary shares of RM1.00 each.

3. RATIONALE FOR THE DISPOSAL

The Disposal reflects PacificMas' efforts to rationalise its investments and it provides the opportunity for PacificMas to unlock the value of its investment in MTB. PacificMas has only a 20% stake in MTB and the contribution from MTB to PacificMas Group's earnings is insignificant. PacificMas had first invested in MTB in 1995 to complement the services of the then banking business of the Company which was subsequently sold to Malayan Banking Berhad in 2001.

MTB mainly operates as a trustee for private debt securities. Risks involved in such business will include operational risks and reputational risks.

As a result of the Disposal, the Company and the PacificMas Group will realise net gains on disposal of RM1.87 million and RM0.61 million respectively (after estimated expenses of RM20,000) based on the unaudited net book value of MTB as at 31 May 2011.

4. EFFECTS OF THE DISPOSAL

4.1 Share Capital and Substantial Shareholders' Shareholdings

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

4.2 Net Assets ("NA"), Gearing and Earnings per share ("EPS")

For illustrative purposes, the proforma effects of the Disposal, assumed completed on 31 December 2010, on the NA, gearing and EPS of the PacificMas Group based on its latest audited financial statements for the financial year ended 31 December 2010 are as follows:-

	Audited as at 31 December 2010 RM'000	After the Disposal RM'000
Share capital	170,994	170,994
Fair value reserves	2,261	2,041
Retained profits	481,378	482,174*
Shareholders' funds	654,633	655,209
NA per share (RM)	3.83	3.83
Borrowings	434,165	434,165
Gearing (times)	0.66	0.66
Earnings per share (sen)	59.5	60.0

Note :

** After incorporating an estimated gain on disposal of MTB for RM815,832 based on net book value of MTB as at 31 December 2010 and estimated expenses of RM20,000 assuming that the disposal was completed on 31 December 2010.*

5. APPROVALS REQUIRED FOR THE DISPOSAL

The Disposal is not subject to the approval of the shareholders of PacificMas.

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 Disposal:-

6.1 Interested Major Shareholder

OCBC Capital (Malaysia) Sdn Bhd ("OCSB") is the holding company of PacificMas with 63.50% direct equity interest and the ultimate holding company of OCSB is Oversea-Chinese Banking Corporation Limited ("OCBC"). OCBC Bank (Malaysia) Berhad is a wholly-owned subsidiary of OCBC, which is also one of the Vendors selling its 20% equity interest in MTB to OSK Investment.

6.2 Interested Directors

George Lee Lap Wah, Jeffrey Chew Sun Teong and Wong Ah Wah are deemed interested in the Disposal as they are nominee directors of OCBC on the Board of PacificMas. Accordingly, they have abstained from all deliberations and voting at the relevant board meetings of PacificMas in respect of the Disposal.

Tan Sri Dato' Nasruddin Bin Bahari and Dr. Raja Lope Bin Raja Shahrome are Independent Directors of PacificMas and OCBC Bank (Malaysia) Berhad.

7. DIRECTORS' STATEMENT

The Board (save for George Lee Lap Wah, Jeffrey Chew Sun Teong and Wong Ah Wah), after having considered all aspects of the Disposal (including but not limited to the rationale and financial effects), is of the opinion that the Disposal is in the best interest of the Company and shareholders.

8. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company (save for Jeffrey Chew Sun Teong), after having considered all aspects of the Disposal (including but not limited to the rationale and financial effects), is of the opinion that the 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 minority shareholders.

The Audit Committee did not seek any independent advice in forming its views for the Disposal.

9. RELATED PARTY TRANSACTION

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

10. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE DISPOSAL

The Disposal was completed on 15 June 2011 with full payment of the Disposal Consideration.

11. OTHER INFORMATION

The highest percentage ratio applicable to the Disposal as per Paragraph 10.02(g) Chapter 10 of the Listing Requirements is the Disposal Consideration compared with the audited net assets of PacificMas Group which amounts to approximately 0.51% based on the latest audited net assets of the PacificMas Group for the financial year ended 31 December 2010 of RM424.05 million after adjusting for payment of an interim special dividend of RM230.58 million on 26 April 2011.

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

12. 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 15 June 2011.