

**PACIFICMAS BERHAD (“PACIFICMAS” OR THE “COMPANY”)**

- (I) **PROPOSED DISPOSAL OF THE COMPANY’S 100% EQUITY INTEREST IN PAC LEASE BERHAD (“PAC LEASE”), P.B. PACIFIC SDN BHD (“PBPSB”), PACIFICMAS FIDELITY SDN BHD (“PFSB”) AND PACIFICMAS CAPITAL SDN BHD (“PCSB”) TO OCBC CAPITAL (MALAYSIA) SDN BHD (“OCSB”) FOR A TOTAL DISPOSAL CONSIDERATION OF RM387,887,828 (“PROPOSED DISPOSAL OF WHOLLY-OWNED SUBSIDIARIES”);**
- (II) **PROPOSED DISPOSAL OF THE COMPANY’S 85% EQUITY INTEREST IN PACIFIC MUTUAL FUND BHD (“PMFB”) TO OCSB FOR A DISPOSAL CONSIDERATION OF RM40,344,672 (“PROPOSED DISPOSAL OF PMFB SHARES”);**
- (III) **PROPOSED REALISATION OF THE REMAINING RESIDUAL ASSETS IN THE COMPANY AND SETTLEMENT OF OUTSTANDING DEBTS OR LIABILITIES (“PROPOSED REALISATION OF RESIDUAL ASSETS”); AND**
- (IV) **PROPOSED DISTRIBUTION OF THE PROCEEDS FROM THE PROPOSED DISPOSAL OF WHOLLY-OWNED SUBSIDIARIES, AND/OR PROPOSED DISPOSAL OF PMFB SHARES AND/OR PROPOSED REALISATION OF RESIDUAL ASSETS TO ALL ENTITLED SHAREHOLDERS OF PACIFICMAS VIA PROPOSED SPECIAL DIVIDEND AND/OR PROPOSED CAPITAL REPAYMENT (“PROPOSED DISTRIBUTIONS”)**

**((I) AND (II) ABOVE ARE COLLECTIVELY REFERRED TO AS “PROPOSED DISPOSALS”)**

**((I) TO (IV) ABOVE ARE COLLECTIVELY REFERRED TO AS “PROPOSALS”)**

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**1. INTRODUCTION**

**1.1** We refer to the Company’s announcement dated 17 October 2011 in relation to the offer by OCSB to acquire the Company’s 100% equity interest in the following subsidiaries upon the terms and conditions of the offer letter dated 17 October 2011 (“**Offer Letter**”) for a consideration of RM450,000,000 (“**Disposal Consideration**”) and subject to the execution of definitive agreement in relation to the Proposed Disposals (“**Offer**”):-

- (a) 100% equity interest in Pac Lease comprising 115,000,000 ordinary shares of RM1.00 each (“**Pac Lease Shares**”);
- (b) 85% equity interest in PMFB comprising 4,250,000 ordinary shares of RM1.00 each (“**PMFB Shares**”);
- (c) 100% equity interest in PBPSB comprising 10,000 ordinary shares of RM1.00 each (“**PBPSB Shares**”);
- (d) 100% equity interest in PFSB comprising 50,000,000 ordinary shares of RM1.00 each (“**PFSB Shares**”); and
- (e) 100% equity interest in PCSB comprising 53,000,000 ordinary shares of RM1.00 each (“**PCSB Shares**”).

The Pac Lease Shares, the PMFB Shares, the PBPSB Shares, the PFSB Shares and the PCSB Shares are collectively referred to as the “**Target Assets**”. Pac Lease, PMFB, PBPSB, PFSB and PCSB are collectively referred to as the “**Target Companies**”. Further information on the Target Companies is set out in **Appendix I**.

- 1.2 On 4 November 2011, AmlInvestment Bank Berhad (a member of AmlInvestment Bank Group) ("**AmlInvestment Bank**"), on behalf of the Company, announced that the Board of Directors of PacificMas ("**Board**") (save for Dato' Ahmad Zahudi Bin Hj. Salleh, George Lee Lap Wah, Jeffrey Chew Sun Teong, Wong Ah Wah and Tan Sri Dato' Nasruddin Bin Bahari ("**Tan Sri Dato' Nasruddin**")), had considered the Offer, and had resolved to accept the Offer. Accordingly, the Board does not intend to seek other alternative bids.
- 1.3 On 9 December 2011, AmlInvestment Bank, on behalf of the Company, announced that PacificMas and OCSB had on even date mutually agreed to extend the cut-off date to finalise the terms of the definitive agreement for the Proposed Disposals from 11 December 2011 to 30 December 2011.
- 1.4 On 13 December 2011, AmlInvestment Bank, on behalf of the Company, announced that PacificMas had, on 2 December 2011, informed OCSB that PMFB and PBPSB had declared the following:-
- (a) an interim dividend declared by PMFB on 25 October 2011 to the shareholders of PMFB amounting to RM2,550,000 (net of tax) for the financial year ending ("**FYE**") 31 December 2011. Based on the Company's equity interest of 85% in PMFB, the Company would be entitled to a net dividend income of RM2,167,500 ("**PMFB Interim Dividend**"); and
  - (b) an interim dividend declared by PBPSB on 2 December 2011 to the Company amounting to RM19,600,000, which comprises a franked dividend of RM600,000 (net of tax) and a single-tier dividend of RM19,000,000, for the FYE 31 December 2011 ("**PBPSB Interim Dividend**").

Pursuant to the PMFB Interim Dividend and PBPSB Interim Dividend, OCSB had, vide its letter dated 13 December 2011, informed PacificMas that the Disposal Consideration shall be adjusted to RM428,232,500 ("**Adjusted Disposal Consideration**") and shall be satisfied in the following manner:-

- (a) RM156,289,627 in cash ("**Cash Portion**"); and
- (b) RM271,942,873 as an amount remaining due and owing by OCSB to PacificMas ("**Deferred Amount**").

The above adjustment is in accordance with the Offer Letter which stipulates that if any of the Target Companies declares, makes or pays any dividends or distribution of any nature after the date of the Offer Letter and prior to the completion date of the Proposed Disposals ("**Early Distributions By Target Companies**"), the Disposal Consideration shall be reduced by an amount equivalent to the net amount of the Early Distributions By Target Companies made.

The above disposal consideration adjustment would not affect the total distribution to the entitled shareholders of PacificMas as the Early Distributions by Target Companies received by the Company will be distributed to the entitled shareholders of PacificMas pursuant to the Proposed Distributions.

- 1.5 On behalf of the Company, AmlInvestment Bank wishes to announce that PacificMas has on 21 December 2011 entered into a conditional sale and purchase agreement ("**SPA**") with OCSB for the following:-
- (a) the proposed disposals of the Company's 100% equity interest in Pac Lease, PBPSB, PFSB and PCSB for a total disposal consideration of RM387,887,828 ("**Proposed Disposal of Wholly-Owned Subsidiaries**"); and
  - (b) the proposed disposal of the Company's 85% equity interest in PMFB for a disposal consideration of RM40,344,672 ("**Proposed Disposal of PMFB Shares**").

PacificMas and OCSB are collectively referred to as "**Parties**".

- 1.6** Subject to the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries, as the case may be), the Board proposes to take steps to sell or recover as far as possible the remaining residual assets of PacificMas (in which case the PMFB Shares will form part of the residual assets if the approval of the shareholders of PacificMas is not obtained for the Proposed Disposal of PMFB Shares) and settle its outstanding debts or liabilities, as far as possible, including settling (or setting aside an amount sufficient to cover) expenses relating to the Proposals ("**Proposed Realisation of Residual Assets**").
- 1.7** Subject to the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries, as the case may be) and the Proposed Realisation of Residual Assets, the Board proposes to distribute the proceeds to the entitled shareholders of PacificMas in the following manner:-
- (a) the declaration and payment of special dividend ("**Proposed Special Dividend**"), the exact amount is subject to the Company's retained profits at the point of declaration; and
  - (b) proposed return of capital of PacificMas to the entitled shareholders of PacificMas in proportion to their respective shareholdings ("**Proposed Capital Repayment**"), via a par value reduction exercise under Section 64 of the Companies Act, 1965 ("**Act**") of RM0.95 for each ordinary share of RM1.00 ("**Proposed Capital Reduction**") held in PacificMas ("**PacificMas Share**" or "**Share**"),

on the respective entitlement dates to be determined and announced by the Board later. If only the Proposed Disposal of PMFB Shares is undertaken, the proceeds will be distributed by way of the Proposed Special Dividend. Please refer to Section 4 for further details of the Proposed Distributions.

The cash entitlements of OCSB under the Proposed Distributions will be set-off against the Deferred Amount and the balance cash entitlement shall be distributed to OCSB in cash.

- 1.8** In view that the remaining illiquid assets of the Company may take time to realise, it is also the intention of the Company to initiate, subsequent to the completion of the Proposals, a proposed members' voluntary winding-up of PacificMas under Section 254(1)(b) of the Act to facilitate the refund of the proceeds arising from the realisation of the remaining realisable assets ("**Proposed Winding Up**"). The Proposed Winding Up will only be recommended by the Board after the completion of the Proposals for the consideration of the shareholders in a separate extraordinary general meeting ("**EGM**").
- 1.9** For illustrative purposes only, subject to the completion of the Proposed Disposals and the Proposed Realisation of the Residual Assets, the indicative distribution amount under the Proposed Distributions and the Proposed Winding Up is estimated to be RM3.38 to RM3.40 per PacificMas Share ("**Indicative Distribution Price**"). The illustration to arrive at the Indicative Distribution Price is set out in Section 3 below.

## **2. PROPOSED DISPOSALS**

### **2.1 Details of the Proposed Disposal of Wholly-Owned Subsidiaries**

The Proposed Disposal of Wholly-Owned Subsidiaries involves the disposal by the Company of its 100% equity interest for a total disposal consideration of RM387,887,828 ("**Wholly-Owned Subsidiaries Consideration**") in the following:-

- (a) Pac Lease comprising 115,000,000 Pac Lease Shares;
- (b) PBPSB comprising 10,000 PBPSB Shares;
- (c) PFSB comprising 50,000,000 PFSB Shares; and
- (d) PCSB comprising 53,000,000 PCSB Shares.

(items (a) to (d) above are collectively referred to as "**Wholly-Owned Subsidiaries**").

The Wholly-Owned Subsidiaries Consideration shall be satisfied in the following manner:-

- (a) RM141,565,257 in cash; and
- (b) RM246,322,571 as an amount remaining due and owing by OCSB to PacificMas ("**Deferred Amount – Wholly-Owned Subsidiaries**").

### **2.2 Details of the Proposed Disposal of PMFB Shares**

The Proposed Disposal of PMFB Shares involves the disposal by the Company of its 85% equity interest in PMFB comprising 4,250,000 PMFB Shares for a disposal consideration of RM40,344,672 ("**PMFB Consideration**") and shall be satisfied in the following manner:-

- (a) RM14,724,370 in cash; and
- (b) RM25,620,302 as an amount remaining due and owing by OCSB to PacificMas ("**Deferred Amount – PMFB Shares**").

### **2.3 Salient terms and conditions of SPA**

#### **(a) Sale of Target Assets**

In consideration of the Adjusted Disposal Consideration to be satisfied in the manner and at the times stipulated in the SPA, PacificMas hereby agrees to sell to OCSB and OCSB hereby agrees to purchase from PacificMas the Target Assets or Wholly-Owned Subsidiaries or PMFB Shares, as the case may be and as contemplated in Section 2.3(b) below, with full title guarantee free from all charges or liens or all encumbrances or adverse claims or interests whatsoever attaching thereto and with all rights, benefits and advantages now or hereafter attaching thereto or accruing thereon on or after the date of the Offer Letter including, but without limitation, all bonuses, rights, dividends and distributions declared, paid or made in respect thereof on or after the date of the Offer Letter (save for the Early Distributions By Target Companies), upon the terms and subject to the conditions of the SPA.

**(b) Conditions Precedent**

The sale and purchase of the Target Assets shall be conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled on or before the day falling six (6) months after the date of the SPA, or such later date as the Parties may mutually agree ("**Cut-Off Date**"):-

- (i) the approval of the shareholders of PacificMas at an EGM to be convened for:-
  - (aa) the Proposed Disposal of Wholly-Owned Subsidiaries upon the terms and conditions of the SPA;
  - (bb) the Proposed Disposal of PMFB Shares upon the terms and conditions of the SPA; and
  - (cc) the Proposed Capital Repayment under the Proposed Distributions,

PROVIDED THAT in the event that the shareholders of PacificMas at the EGM were to approve:-

- (1) the Proposed Disposal of Wholly-Owned Subsidiaries but not the Proposed Disposal of PMFB Shares, then the approval of the shareholders of PacificMas for the Proposed Capital Repayment shall be a condition precedent to the Proposed Disposal of Wholly-Owned Subsidiaries; or
  - (2) the Proposed Disposal of the PMFB Shares but not the Proposed Disposal of Wholly-Owned Subsidiaries, then PacificMas will not be undertaking the Proposed Capital Repayment and as such, the approval of the shareholders of PacificMas shall not be required for the Proposed Capital Repayment;
- (ii) the approval or consent of the relevant creditors, lenders and financiers of PacificMas and the Target Companies (where applicable) for the disposal of the Target Assets; and
  - (iii) the approval or consent of the relevant creditors, lenders and financiers of the Target Companies for the release of PacificMas from any guarantee, suretyship, indemnity, bonding liability, letter of comfort or other assurance or security ("**Guarantee**") given on behalf of or for the benefit of the Target Companies upon completion taking effect.

If the Conditions Precedent in:-

- (1) Section 2.3(b)(i)(aa) and Section 2.3(b)(i)(bb) are not fulfilled; or
- (2) Section 2.3(b)(i)(aa) is fulfilled but Section 2.3(b)(i)(bb) and Section 2.3(b)(i)(cc) are not fulfilled; or
- (3) Section 2.3(b)(ii) is not fulfilled; or
- (4) Section 2.3(b)(iii) is not fulfilled,

by the Cut-off Date and not mutually waived by the Parties in writing by the Cut-Off Date, to the extent permissible by law, either party may, at its sole discretion, terminate the SPA by notice in writing, or if the SPA is mutually terminated by the parties hereto, then upon termination of the SPA, the Deposit (as defined below) shall be refunded to OCSB with all interest accrued thereon after deducting all costs and expenses in connection with the Proposals incurred by or on behalf of PacificMas up to a maximum aggregate sum of RM1,700,000, and thereafter, the SPA shall terminate and neither party shall have any claim against the other party, save in respect of any antecedent breach.

**(c) Completion Date**

The SPA shall become unconditional on the date not later than the Cut-Off Date when the Conditions Precedent have been fulfilled in accordance with Section 2.3(b) or mutually waived by the Parties in writing, to the extent permissible by law (“**Unconditional Date**”). The completion date of the SPA means the business day falling ten (10) business days after the Unconditional Date, or such other date as may be mutually agreed upon by the Parties (“**Completion Date**”).

**(d) Settlement of the Adjusted Disposal Consideration**

(i) OCSB shall pay to PacificMas free from any set-off or counterclaim the Cash Portion in cash by way of bank draft or telegraphic transfer to a bank account (as PacificMas shall notify OCSB in writing) in the following manner:-

(aa) upon execution of the SPA, a deposit of RM9,000,000 has been paid by OCSB to PacificMas towards part payment of the Adjusted Disposal Consideration (“**Deposit**”); and

(bb) the Cash Portion less the Deposit shall be paid by OCSB to PacificMas on the Completion Date.

(ii) The balance Adjusted Disposal Consideration or the Deferred Amount shall remain due and owing by OCSB as a debt due to PacificMas, payable on a date not later than eighteen (18) months from the date of the SPA or six (6) months from the date the High Court of Malaya (“**High Court**”) shall for any reason whatsoever refuse to grant the requisite order confirming the Proposed Capital Reduction, whichever shall be the earlier to occur, or such other date as may be mutually agreed upon by the Parties (“**Deferred Payment Date**”). If the Proposed Distributions were to be made prior to the Deferred Payment Date, that portion of the entitlements to be received by the OCSB under the Proposed Distributions (“**OCSB’s Distribution Entitlement(s)**”) shall be set off against the Deferred Amount in accordance with the provisions of Section 2.3(d)(iii) below.

(iii) In connection with the set-off arrangement relating to the Deferred Amount (*for purposes of Section 2.3(d)(iii), references to the Deferred Amount shall refer to the Deferred Amount-Wholly-Owned Subsidiaries if the Proposed Disposal of PMFB Shares is not approved by the shareholders*), the Parties agree that the following provisions shall take effect, where the shareholders’ approval of PacificMas referred to in Section 2.3(b)(i) above is obtained only in respect of the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries:-

(aa) OCSB:-

(1) confirms that as at the date of the SPA, it holds 108,586,956 PacificMas Shares;

(2) shall on the relevant announcement dates for the Proposed Special Dividend and the Proposed Capital Repayment (“**Payment Announcement Date(s)**”), provide written confirmations to PacificMas specifying *inter alia* the number of PacificMas Shares held by OCSB and the quantum (in Ringgit Malaysia) as at the respective Payment Announcement Dates of OCSB’s Distribution Entitlements; and

(3) confirms that:-

- (i) it irrevocably and unconditionally authorises PacificMas to apply OCSB's Distribution Entitlements up to an amount equivalent to the Deferred Amount by way of set-off against the Deferred Amount and agrees that the set-off shall be deemed to be a complete discharge and release of PacificMas' obligations to pay to OCSB an amount equivalent to the Deferred Amount in cash;
- (ii) PacificMas shall be entitled to set-off any other amount that may howsoever be due from PacificMas to OCSB against the Deferred Amount; and
- (iii) it irrevocably and unconditionally undertakes not to dispose of any PacificMas Shares held by it or any right to OCSB's Distribution Entitlements pending completion of the Proposed Distributions and full settlement of the Deferred Amount.

(bb) PacificMas shall, within 100 days from the Completion Date, or such longer period as may be mutually agreed upon by the Parties, apply to the High Court to seek the requisite order confirming the Proposed Capital Reduction (necessary to implement the Proposed Capital Repayment). In the event that the High Court shall for any reason whatsoever refuse to grant the requisite order confirming the Proposed Capital Reduction or such order of the High Court is not obtained within a period of twelve (12) months from the date of the SPA, the Deferred Amount shall be settled by OCSB in cash by the Deferred Payment Date by way of bank draft or telegraphic transfer to such bank account in Malaysia as PacificMas shall notify OCSB in writing.

(iv) In connection with the set-off arrangement relating to the Deferred Amount-PMFB Shares, the parties agree that where the shareholders' approval of PacificMas referred to in Section 2.3(b)(i) above is obtained only in respect of the Proposed Disposal of PMFB Shares, the provisions in Section 2.3(d)(iii)(aa) above shall apply, save that all references to the Proposed Capital Repayment shall not apply and all references to the Deferred Amount shall refer to the Deferred Amount-PMFB Shares for the purposes of this section.

**(e) Adjustment to the Disposal Consideration**

If there is any Early Distributions By Target Companies (other than the PBPSB Interim Dividend and PMFB Interim Dividend which have already resulted in a reduction of the Disposal Consideration to the Adjusted Disposal Consideration), the Adjusted Disposal Consideration shall be reduced by an amount equivalent to the net amount of such Early Distributions By Target Companies received by PacificMas and the Cash Portion and the Deferred Amount shall accordingly be reduced proportionately.

Please refer to Section 1.4 for details of the Early Distributions By Target Companies made via PMFB Interim Dividend and PBPSB Interim Dividend.

**2.4 Basis and Justification for the Adjusted Disposal Consideration**

The Adjusted Disposal Consideration amounting to RM428,232,500 was accepted by the Board (save for the interested directors as disclosed in Section 11 and Tan Sri Dato' Nasruddin) after taking into consideration, amongst others, the following:-

- (a) The PMFB Consideration represents a price-to-AUM of 2.40% based on the assets under management ("**AUM**") of RM1,977.7 million as at 30 September 2011 and based on the Company's equity interest of 85% in PMFB;

- (b) The Wholly-Owned Subsidiaries Consideration was accepted after considering the following:-
- (i) the price-to-book ratio (“**PBR**”) of comparable listed hire-purchase/leasing companies on Bursa Malaysia Securities Berhad (“**Bursa Securities**”);
  - (ii) the market valuation of an investment property held by PBPSB known as “Menara Prudential” held under Lot 1306, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan as appraised by Appraisal Malaysia Sdn Bhd (“**Appraisal Malaysia**”) of RM142,226,000 in its valuation report dated 18 November 2011 using investment method as the primary method of valuation. The details of Menara Prudential are set out in **Appendix II** of this Announcement; and
  - (iii) the unaudited net assets (“**NA**”) of Pac Lease, PBPSB, PFSB and PCSB as at 30 September 2011.
- (c) The PBR (based on the Indicative Distribution Price of RM3.38 and latest unaudited consolidated NA per PacificMas Share as at 30 September 2011 of RM2.60) of 1.30 times is above the Company’s average historical trading PBR of 1.13 times for the past three (3) years up to 17 October 2011, being the last trading date of PacificMas Shares prior to the announcement of the Offer (*Source: Bloomberg*);
- (d) The liquidity of PacificMas Shares has been generally low with an average daily trading volume of 51,923 PacificMas Shares, representing 0.15% of PacificMas’ existing free float over the past one (1) year up to 17 October 2011, being the last trading date of PacificMas Shares prior to the announcement of the Offer (*Source: Bloomberg*);
- (e) The long term future prospects of the Target Companies; and
- (f) The view of the Independent Adviser, Kenanga Investment Bank Berhad (“**KIBB**”), including the evaluation of the Adjusted Disposal Consideration, that the Proposed Disposals are fair and reasonable and not detrimental to the interests of the non-interested shareholders.

## **2.5 Liabilities to be assumed**

OCSB will not assume any liabilities pursuant to the Proposed Disposals, based on the terms of the SPA.

## **2.6 Conditionality of the Proposals**

- (a) The Proposed Disposal of Wholly-Owned Subsidiaries and the Proposed Disposal of PMFB Shares are not inter-conditional upon each other;
- (b) The Proposed Disposal of Wholly-Owned Subsidiaries is conditional upon the shareholders’ approval of PacificMas for the Proposed Capital Repayment, but the completion of the Proposed Disposal of Wholly-Owned Subsidiaries is not conditional upon the completion of the Proposed Distributions;
- (c) The Proposed Realisation of Residual Assets is conditional upon the completion of the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries (as the case may be); and

- (d) The Proposed Capital Repayment is conditional upon the completion of (i) the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries, (as the case may be) and (ii) the Proposed Realisation of Residual Assets (which shall include the disposal of PMFB Shares to a buyer to be identified at a later date in the event that the approval of the shareholders of PacificMas is not obtained for the Proposed Disposal of PMFB Shares).

## 2.7 Original cost of investment

The original cost of investment by the Company in the Target Assets and the date of such investments are as follows:-

Companies	Date of Investment	Original cost of investment (RM' million)
Pac Lease	7 October 1996	*
	24 October 1996	15.00
	13 June 2001	30.00
	24 December 2009	35.00
	27 December 2010	35.00
		115.00
PMFB	15 March 1995	1.00
	30 March 1995	(0.25)
	29 October 2001	5.96
	9 April 2002	(1.01)
		5.70
PBPSB	5 August 1986	#
	19 August 1986	0.01
		0.01
PFSB	1 December 2001	83.52
	18 April 2011	(4.60)
		78.92
PCSB	20 to 23 August 2004	88.07

Notes:-

\* 3 ordinary shares of RM1.00 each

# 2 ordinary shares of RM1.00 each

## 2.8 Utilisation of the Proceeds of the Proposed Disposals

The cash proceeds arising from the Proposed Disposals will be returned to the entitled shareholders of PacificMas pursuant to the Proposed Distributions as set out in Section 4 of this Announcement.

Pending full utilisation of the proceeds, the Cash Portion or part thereof would be invested in interest bearing instruments with financial institutions.

Barring any unforeseen circumstances, the proceeds are expected to be distributed by way of the Proposed Special Dividend within two (2) months from the Completion Date and by way of the Proposed Capital Repayment within two (2) months from the date the order confirming the Proposed Capital Reduction is sealed by the High Court.

For avoidance of doubt, if only the Proposed Disposal of PMFB Shares is undertaken, the proceeds of approximately RM40.34 million would be distributed by way of the Proposed Special Dividend within two (2) months from the Completion Date.

### 3. PROPOSED REALISATION OF RESIDUAL ASSETS

Subject to the completion of the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries (as the case may be), the Company shall take steps to sell or recover as far as possible its remaining residual assets and settle its outstanding debts or liabilities, as far as possible, including settling (or setting aside an amount sufficient to cover) expenses relating to the Proposals.

In the event that the Proposed Disposal of PMFB Shares is not approved by PacificMas' shareholders, the PMFB Shares will form part of the Proposed Realisation of Residual Assets and the Board shall use its best endeavours or means to sell the PMFB Shares.

For illustrative purpose only, the breakdown of the residual assets (save for cash and cash equivalents) under PacificMas based on the unaudited financial statements for the nine (9)-month financial period ended ("FPE") of the Company as at 30 September 2011 and its potential realisable or recoverable value, based on a best effort basis, is set out as follows:-

	Unaudited as at 30 September 2011 (RM'000)	Amount Assumed Not Recoverable (RM'000)	Potential Realisable Amount under Proposed Realisation of Residual Assets (RM'000)	Amount Estimated Recoverable under Proposed Winding Up (RM'000)
<b>Assets</b>				
Property and equipment	360	-	360 <sup>(1)</sup>	-
Intangible assets	35	-	35 <sup>(1)</sup>	-
Investment in PacificMas Asset Management Sdn Bhd ("PAM") <sup>(2)</sup>	3,150	(803) <sup>(3)</sup>	-	2,347
Available-for-sale ("AFS") securities <sup>(4)</sup>	87,266	-	82,440 <sup>(5)</sup>	4,826 <sup>(5)</sup>
Trading securities <sup>(4)</sup>	3,524	-	3,524	-
Tax recoverable <sup>(6)</sup>	867	(112)	-	755
Amount due from PBPSB and Pac Lease	42,262	-	42,262	-
Loans and receivables <sup>(8)</sup>	577	-	577	-
Trade and other receivables	128	(39) <sup>(7)</sup>	89	-
	138,169	(954)	129,287	7,928
Less:-Total liabilities (excluding deferred taxation)	(1,314)	-	(1,314)	-
	<b>136,855</b>	<b>(954)</b>	<b>127,973</b>	<b>7,928</b>

Notes:-

- (1) The realisable amount may only be certain at the point of realisation.
- (2) PAM is an investment holding company and shall be liquidated under a members' voluntary winding-up under Section 254(1)(b) of the Act.
- (3) Based on loss on winding-up of PAM should PAM be wound up on 30 September 2011.
- (4) The value is based on carrying value in the unaudited financial statements for the nine (9)-month FPE 30 September 2011 and the realisable value is subject to market value at the point of sale.
- (5) Includes the assumption that the Company's investment of 10% equity interest in Bond Pricing Agency Malaysia Sdn Bhd ("Bond Pricing") with the carrying value of RM1.944 million and the investment in Special Port Vehicle bonds ("SPV Bonds") with a carrying value of RM2.882 million are only recoverable under the Proposed Winding Up.
- (6) Assume that an amount of RM0.112 million would be set off against tax recoverable arising from the Proposed Realisation of Residual Assets while the remaining balance will be recoverable under the Proposed Winding Up.
- (7) Adjustment to expense off prepayments of RM0.039 million.

(8) *Loans and receivables consist of staff loans only.*

Based on the illustration above, it is assumed that the remaining assets in the Company not realised pursuant to the Proposed Realisation of Residual Assets shall be liquidated under the Proposed Winding Up. The net recoverable sum pursuant to the Proposed Winding Up shall be distributed to shareholders after the completion of the Proposed Winding Up. The net recoverable amount from the Proposed Winding Up is estimated to be in the range of RM0.03 to RM0.05 per PacificMas Share.

**The analysis above is based on the unaudited financial statements for the nine (9)-month FPE 30 September 2011. The amount realisable set out in the table above is purely for illustrative purposes only. The actual realisable value may be subject to change depending on, *inter-alia*, the market or realisable value of the residual assets at the point of disposal.**

In summary, for illustration purposes only, the total proceeds available for the Proposed Distributions and the Indicative Distribution Price are set out as follows:-

	<b>RM'000</b>
Proceeds arising from :-	
- Proposed Disposal of Wholly-Owned Subsidiaries	387,888
- Proposed Disposal of PMFB	40,345
- Proposed Realisation of Residual Assets <sup>(1)</sup>	127,973
Total proceeds	556,206
Add : Cash and cash equivalents <sup>(2)</sup>	21,675
Less : Estimated expenses <sup>(3)</sup>	(5,000)
<b>Amount distributable under the Proposed Distributions</b>	<b>572,881</b>
<b>Distribution per Share</b>	<b>RM3.35</b>
<b>Net amount estimated to be recoverable pursuant to the Proposed Winding Up per Share</b>	<b>RM0.03<sup>(4)</sup> to RM0.05</b>
<b>Indicative Distribution Price <sup>(5)</sup></b>	<b>RM3.38 to RM3.40</b>

Notes:-

- (1) *The proceeds from the Proposed Realisation of Residual Assets may be subject to change depending on, inter-alia, the market or realisable value of the remaining assets at the point of disposal.*
- (2) *Includes the Early Distributions By Target Companies declared by PMFB and PBPSB totaling RM21.768 million and net of cash to be retained for any contingencies for the Proposed Winding Up.*
- (3) *Estimated expenses in relation to the Proposals and the Proposed Winding Up and estimated costs to meet foreseeable costs and liabilities after the completion of the Proposed Disposals.*
- (4) *For prudence reasons, assuming that only 60% of the remaining assets value are recoverable under the Proposed Winding Up.*
- (5) *The Indicative Distribution Price has not taken into account any future unforeseeable contingent liabilities or claims made against PacificMas.*

For avoidance of doubt, the Proposed Realisation of Residual Assets will only be undertaken after the completion of the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries (as the case may be).

#### 4. PROPOSED DISTRIBUTIONS

Subject to all requisite approvals being obtained, it is the intention of PacificMas to distribute the proceeds arising from the Proposed Disposal of Wholly-Owned Subsidiaries and/or Proposed Disposal of PMFB Shares and/or Proposed Realisation of Residual Assets to the entitled shareholders of PacificMas via the Proposed Special Dividend and/or Proposed Capital Repayment.

If the Proposed Disposals and the Proposed Realisation of Residual Assets are completed, the proceeds thereof shall be distributed to the entitled shareholders of PacificMas in the following manner:-

- (a) Proposed Special Dividend - declaration and payment of special dividend of an estimated amount of RM410.437 million representing approximately RM2.40 per PacificMas Share to all entitled shareholders of PacificMas; and
- (b) Thereafter, the Proposed Capital Repayment of RM162.444 million or RM0.95 per PacificMas Share to all the entitled shareholders of PacificMas, via a capital reduction of RM0.95 par value per PacificMas Share in accordance to Section 64 of the Act.

Upon completion of the Proposed Capital Repayment, the Company's issued and paid-up share capital shall be RM8,549,675 represented by 170,993,500 PacificMas Shares of RM0.05 each. The remaining par value of RM0.05 per PacificMas Share shall be retained for the purposes of the Proposed Winding Up to facilitate the liquidation of the remaining illiquid assets and to set aside for any warranties, contingencies and expenses in relation to the Proposed Winding Up.

The entitlements that are due to be paid to and received by OCSB under the Proposed Special Dividend and the Proposed Capital Repayment up to the Deferred Amount will not be paid in cash to OCSB but an amount equivalent to such entitlements shall be set off against the Deferred Amount and upon such a set-off taking place, the Deferred Amount shall be deemed to have been satisfied by OCSB as described in Section 2.3(d)(iii) above.

In summary, the respective amounts estimated to be distributed under the Proposed Distributions assuming the completion of the Proposed Disposals and the Proposed Realisation of Residual Assets are as follows:-

	Distribution amount per Share	Other non-interested shareholders	OCSB	All Entitled Shareholders
	RM	RM'000	RM'000	RM'000
Proposed Special Dividend <sup>(3)</sup>	2.40	149,795	260,642 <sup>(1)</sup>	410,437
Proposed Capital Repayment	0.95	59,286	103,158 <sup>(2)</sup>	162,444
	3.35	209,081	363,800	572,881

Notes:-

- (1) The full entitlement of OCSB under the Proposed Special Dividend shall be set off against part of the Deferred Amount.
- (2) Part of the entitlement of OCSB under the Proposed Capital Repayment shall be set off against the Deferred Amount and the remaining balance of its entitlement under the Proposed Capital Repayment which amounts to RM91.86 million shall be paid in cash by the Company.
- (3) The final amount of special dividend is subject to the retained profits of the Company available for distribution, which is dependent on the timing of the completion of the Proposed Disposals. The Board reserves the discretion to adjust the final amount of the Proposed Special Dividend subject to the availability of the retained profits at the point in time. The special dividend amount is arrived at on the assumption that the Proposed Disposals are completed on 30 September 2011.

The final amount of special dividend is subject to the completion of the Proposed Disposals or the Proposed Disposal of Wholly-Owned Subsidiaries or the Proposed Disposal of PMFB Shares as well as subject to the retained profits of the Company available for distribution upon completion of any one of the aforesaid proposals.

The estimated distribution amount per PacificMas Share of RM3.35 is subject to the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries, as the case may be) and the Proposed Realisation of Residual Assets. The final amount of distribution is also subject to the actual proceeds to be received under the Proposed Realisation of Residual Assets at the point of sale.

In the event that the Proposed Disposal of PMFB Shares is not approved by shareholders and only the Proposed Disposal of Wholly-Owned Subsidiaries is completed, the estimated special dividend amount shall be reduced to RM375.79 million or approximately RM2.20 per PacificMas Share. In this scenario, the Board shall use its best endeavours or means to sell PMFB Shares under the Proposed Realisation of Residual Assets. In addition to the above special dividend, the proceeds of the sale of PMFB Shares shall be separately distributed to the shareholders via, inter-alia, special dividend and/or Proposed Capital Repayment, as the sale may take a longer time to complete. The exact amount to be distributed shall be subject to the sale consideration to be agreed upon between the Company and the buyer to be identified at a later date.

The Proposed Capital Repayment will only be carried out subject to the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries, as the case may be) and the Proposed Realisation of Residual Assets (which shall include the disposal of PMFB Shares to a buyer to be identified at a later date in the event that the approval of the shareholders of PacificMas is not obtained for the Proposed Disposal of PMFB Shares).

In the event that **only** the Proposed Disposal of PMFB Shares is undertaken, the Board shall only distribute the proceeds received as single tier special dividend estimated to be of approximately RM40.34 million or approximately RM0.24 per PacificMas Share. The Proposed Capital Repayment will, therefore, not be carried out.

## 5. CASH COMPANY OR PRACTICE NOTE 17 COMPANY

Upon completion of the Proposed Disposals and the Proposed Realisation of Residual Assets, PacificMas will have no operations and will hold cash, the Deferred Amount and certain illiquid assets to be liquidated pursuant to the Proposed Winding Up.

In such an event, Bursa Securities may classify PacificMas as an affected listed issuer under Practice Note 17 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") ("**PN17**") ("**PN17 Company**") upon completion of the Proposed Disposals as PacificMas may be deemed to have triggered the following prescribed criteria under PN17:-

- (a) suspended or ceased all of its business or entire operations as a result of the Proposed Disposals; or
- (b) have an insignificant business or operations after the Proposed Disposals.

In addition, Bursa Securities may classify PacificMas as a 'Cash Company' pursuant to Paragraph 8.03(1) of the Listing Requirements, in which case the Company shall fall within the ambit of Practice Note 16 of the Listing Requirements ("**PN16**").

The above is not applicable if the Proposed Distributions and Proposed Winding Up are carried out, as the Company will be distributing the cash proceeds of the Proposed Disposals and Proposed Realisation of Residual Assets and net cash recoverable from the Proposed Winding Up to the entitled shareholders of PacificMas. It is not the intention of the Board to maintain the listing status of the Company. Accordingly, an application will be submitted to Bursa Securities to de-list the Company from the Official List of Bursa Securities after the receipt of the resolution for the Proposed Winding Up.

## 6. INFORMATION ON OCSB

OCSB was incorporated in Malaysia on 25 July 1991 under the Act as a private limited company under the name of Nilam Angkasa Sdn Bhd. On 28 October 1991, it changed its name to OSPL Holdings Sdn Bhd and subsequently to OCBC Capital (Malaysia) Sdn Bhd on 18 January 2008. OCSB is principally involved in investment holding.

As at 30 November 2011, the authorised share capital of OCSB is RM102,500,000 comprising 100,000,000 ordinary shares of RM1.00 each in OCSB ("**OCSB Shares**") and 2,500,000 preference shares of RM1.00 each ("**OCSB Preference Shares**"), of which 3,237,500 OCSB Shares and 1,432,000 OCSB Preference Shares have been issued and fully paid-up.

As at 30 November 2011, the substantial shareholders of OCSB and their respective shareholdings in OCSB are as follows:-

Substantial shareholders	Place of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of OCSB Shares held	%	No. of OCSB Shares held	%
Federal Securities Private Limited (" <b>FSPL</b> ")	Singapore	3,237,500	100.00	-	-
Oversea –Chinese Banking Corporation Limited (" <b>OCBC</b> ")	Singapore	-	-	3,237,500 <sup>(1)</sup>	100.00 <sup>(1)</sup>

Note:-

(1) Deemed interested by virtue of its shareholding in FSPL

As at 30 November 2011, OCBC holds 1,432,000 OCSB Preference Shares.

As at 30 November 2011, the directors of OCSB are George Lee Lap Wah, Tan Fong Sang and Tan Ai Chin.

## 7. RATIONALE FOR THE PROPOSALS

The Proposed Disposals is undertaken pursuant to the Offer after having considered the views of the Main Adviser, the Independent Adviser, the legal counsel and all relevant aspects of the Proposals. The Board recommends the Proposals for the consideration of the shareholders of PacificMas at an EGM to be convened.

Subject to the receipt of proceeds from the Proposed Disposals and the Proposed Realisation of Residual Assets, the Proposed Distributions will be undertaken to facilitate the return of the proceeds to all the entitled shareholders of PacificMas and to satisfy the Deferred Amount via the set-off arrangement as set out in Section 2.3(d)(iii) above.

After the disposal of The Pacific Insurance Berhad, PacificMas and its subsidiaries ("**PacificMas Group**" or "**Group**") is primarily involved in the hire purchase ("**HP**") and leasing business (under Pac Lease) and the management of unit trusts and private investment mandates (under PMFB).

Given the large number of players and keen competition in the HP and leasing industry, the profit margins of Pac Lease are constantly under pressure. With the added uncertain economic outlook arising from the deteriorating economic and financial situation in Europe and in the United States of America, the near term operating condition for Pac Lease is expected to be challenging.

Pac Lease's net loan receivables has grown from RM350.59 million as at 31 December 2009 to RM737.68 million as at 30 September 2011 and net loan receivables is expected to inch closer to the RM1.0 billion mark in the FYE 31 December 2012. Pac Lease has a relatively short term positive prospect but in the longer term, there are constraints to Pac Lease's growth due to the following reasons:-

- (a) Pac Lease is dependent on bank lines, credit facilities and issuance of commercial papers to fund and to grow its HP and leasing business as it does not have a licence to carry out deposit taking. As at 30 September 2011, the gearing of Pac Lease is 3.72 times and this is expected to increase to 5.0 times in 2015 should the business of Pac Lease continue to grow steadily according to an average rate of 15% over the next four (4) years, assuming there is no capital injection during the period;
- (b) Access to bank lines has its limit and is dependent on the risk appetite of banks as well as their internal lending limits to HP and leasing companies. Similarly, funding from other sources has limits and thresholds; and
- (c) Pac Lease's fixed rate long term receivables are typically funded by floating rate short-term borrowings and debt liabilities. While Pac Lease takes mitigating measures to manage the risk of this mismatch, Pac Lease would be vulnerable to any upward movement in interest rates and its profit margins would be compressed.

On PMFB, the weakening global economic outlook and volatile capital markets have affected the AUM of PMFB. PMFB's AUM has decreased by 10.4% from RM2.21 billion as at 31 December 2010 to RM1.98 billion as at 30 September 2011. Moving forward, the business of PMFB is expected to be challenging in view of the weak outlook of the global capital markets and economic environment. Compression of margins will continue to be a challenge to unit trust business where average front-end fees are expected to decline further. The commissions and direct expenses to revenue ratio of PMFB had risen from 46.8% for the FYE 31 December 2009 to 52.6% for the FYE 31 December 2010.

Upon completion of the Proposed Disposals, the Company would not have any operations. The remaining residual assets of PacificMas after the Proposed Disposals would mainly comprise AFS and trading securities which only generate interest income and/or dividend income. As such, it would be in the best interest of the shareholders that the remaining residual assets be realised and the proceeds from the Proposed Realisation of Residual Assets be returned to shareholders.

Premised on the above, the Proposals provide an avenue for the PacificMas Group to unlock and crystallise the value of the Group's investments and return them to shareholders.

In addition, PacificMas Shares have been thinly traded and the trading volume has been low with the daily average trading volume of 51,923 PacificMas Shares, representing 0.15% of PacificMas' existing free float over the past one (1) year up to 17 October 2011. Given the low liquidity and thin trading volume of PacificMas Shares, the Proposals if approved by shareholders would represent a good opportunity for shareholders to recover their investment in PacificMas under the current uncertain global market conditions.

## **8. RISKS IN RELATION TO THE PROPOSALS**

### **8.1 Completion risks**

The completion of the Proposed Disposals is conditional upon the Conditions Precedent being fulfilled and/or waived by the Cut-off Date. There can be no assurance that the Conditions Precedent will be fulfilled and/or waived. Notwithstanding this, PacificMas will use its best endeavours to ensure the satisfaction and/or waiver (as the case maybe) of the Conditions Precedent to ensure completion of the Proposed Disposals.

### **8.2 Delay and non-completion of the Proposed Distributions**

As the Proposed Distributions are conditional upon the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries as the case may be) and Proposed Realisation of Residual Assets, any delay in the completion of the Proposed Disposals (or the Proposed Disposal of Wholly-Owned Subsidiaries as the case may be) and the Proposed Realisation of Residual Assets would have a consequential impact on the timeliness of the implementation of the Proposed Distributions.

After procuring the approval of the shareholders of PacificMas via a special resolution for the Proposed Capital Repayment, the Proposed Capital Reduction will be subject to confirmation by the High Court pursuant to Section 64 of the Act. The High Court has the ultimate discretion as to whether to allow the Proposed Capital Reduction and in arriving at its decision, it will consider, amongst others, the compliance by PacificMas of the requirements of the Act, whether the Proposed Capital Repayment is fair and equitable to the shareholders and whether the rights and interest of the creditors of PacificMas are safeguarded and are not prejudiced. The High Court could either require PacificMas to obtain the consent of its creditors or direct or order PacificMas to secure the debt or undertake to set aside an amount sufficient to satisfy the debts due to creditors (if any).

As such if, amongst other reasons, there is an objection from the creditors of PacificMas and they are able to prove that the Proposed Capital Repayment is prejudicial to them, the High Court may not sanction the capital reduction to return capital to the shareholders, thus potentially placing in jeopardy the satisfaction of the Deferred Amount via the set-off arrangement referred to in Section 2.3(d)(iii) above.

Nonetheless, in the event that the High Court shall for any reason whatsoever refuse to grant the requisite order confirming the Proposed Capital Reduction; or such order of the High Court is not obtained within a period of twelve (12) months from the date of the SPA, whichever shall be the earlier to occur, the Deferred Amount shall be settled by OCSB in cash by the Deferred Payment Date by way of bank draft or telegraphic transfer to such bank account in Malaysia as PacificMas shall notify OCSB in writing.

If the Proposed Disposal of PMFB Shares is not approved by the shareholders of PacificMas, the Board shall use its best endeavours or means to sell the PMFB Shares. Under such circumstances, PacificMas may require longer time to complete the disposal as the Board may require time to find a suitable buyer. The protraction of the sale of PMFB Shares will also delay the return of the proceeds arising from the sale of PMFB Shares and the remaining proceeds via the Proposed Capital Repayment

### 8.3 PacificMas as a going concern post Proposed Disposals

In the event that the Proposed Capital Repayment is not carried out due to failure to obtain the High Court's confirmation, after the completion of the Proposed Disposals and the Proposed Realisation of Residual Assets as well as the payment of the Proposed Special Dividend, PacificMas will not have any assets other than cash, part of the Deferred Amount and certain illiquid assets to be liquidated under the Proposed Winding Up. In such an event, Bursa Securities may consider PacificMas to be a Cash Company under PN16 and a PN17 Company under the Listing Requirements.

If the confirmation by the High Court for the Proposed Capital Reduction is not obtained, the Board will then need to propose an alternative proposal to return the capital repayment amount of RM0.95 per PacificMas Shares to its shareholders. Such alternative proposal may include a proposal to liquidate PacificMas to return the remaining balance of the considerations as well as net cash recoverable from the residual assets.

## 9. EFFECTS OF THE PROPOSALS

### 9.1 Share Capital

The Proposals will not have any effect on the issued and paid-up share capital of PacificMas, save for the Proposed Capital Reduction under the Proposed Capital Repayment, where the effects to the par value and issued and paid-up share capital of PacificMas are as follows:-

	No. of Shares	Par value	Issued and paid-up share capital
	'000	RM	RM'000
As at 31 December 2010	170,994	1.00	170,994
Reduction in par value pursuant to the Proposed Capital Reduction	-	(0.95)	(162,444)
<b>After Proposed Capital Reduction</b>	<b>170,994</b>	<b>0.05</b>	<b>8,550</b>

### 9.2 Substantial Shareholders' Shareholdings

The Proposals will not have any effect on the shareholdings of the substantial shareholders of PacificMas.

### **9.3 Earnings**

The gains or losses (if any) arising from the Proposed Disposals will depend on the NA of the Target Companies at the time of completion of the Proposed Disposals. For illustrative purposes, based on the audited consolidated financial statements of PacificMas for the FYE 31 December 2010, the Proposed Disposal of Wholly-Owned Subsidiaries and the Proposed Disposal of PMFB Shares are expected to result in the PacificMas Group realising a net gain of approximately RM133.563 million and RM23.108 million or approximately RM0.78 and RM0.14 per PacificMas Share respectively.

The Proposals will not have any material effect on the earnings of the PacificMas Group for the FYE 31 December 2011 as the Proposals are expected to be completed by the second (2<sup>nd</sup>) half of 2012.

Upon completion of the Proposed Disposals, PacificMas would cease to have any income generating business. Thereafter, pending the full distribution of the Cash Portion, PacificMas would derive interest income from the placement of such proceeds as short-term deposits/investments with licensed financial institutions. Upon full implementation of the Proposed Distributions, the Company would cease to generate interest income from the Cash Portion.

### **9.4 NA and gearing**

For illustrative purposes only, based on the latest audited consolidated financial statements of PacificMas for the FYE 31 December 2010 and on the assumption that the Proposals had been effected on that date, the proforma effects of the Proposals on the NA per PacificMas Share and gearing of the PacificMas Group are set out in Appendix III.

## **10. APPROVALS REQUIRED**

### **10.1 Proposed Disposal of Wholly-Owned Subsidiaries**

The Proposed Disposal of Wholly-Owned Subsidiaries is subject to the following approvals and consents being obtained:-

- (a) the approval of the shareholders of PacificMas at an EGM to be convened for the Proposed Disposal of Wholly-Owned Subsidiaries upon the terms and conditions of the SPA, and the Proposed Capital Repayment under the Proposed Distributions;
- (b) the approval or consent of the creditors, lenders and financiers of PacificMas and the Wholly-Owned Subsidiaries (where applicable) for the Proposed Disposal of Wholly-Owned Subsidiaries; and
- (c) the approval or consent of the relevant creditors, lenders and financiers of the Wholly-Owned Subsidiaries for the release of PacificMas from any Guarantee given on behalf of or for the benefit of the Wholly-Owned Subsidiaries upon Completion taking effect.

## 10.2 Proposed Disposal of PMFB Shares

The Proposed Disposal of PMFB Shares is subject to the following approvals and consents being obtained:-

- (a) the approval of the shareholders of PacificMas at an EGM to be convened for the Proposed Disposal of PMFB Shares upon the terms and conditions of the SPA; and
- (b) the approval or consent of the creditors, lenders and financiers of PacificMas and PMFB (where applicable) for the Proposed Disposal of PMFB Shares; and
- (c) the approval or consent of the relevant creditors, lenders and financiers of PMFB for the release of PacificMas from any Guarantee given on behalf of or for the benefit of PMFB upon Completion taking effect.

## 10.3 Proposed Distributions

The Proposed Capital Repayment under the Proposed Distributions is subject to the approvals of the following:-

- (a) the approval of the shareholders of PacificMas at an EGM to be convened;
- (b) the approval or consent of the creditors of the PacificMas and/or its subsidiaries, where required;
- (c) the grant of an order by the High Court confirming the capital reduction and repayment under Section 64 of the Act.

The Proposed Special Dividend is not subject to the approval of the shareholders of PacificMas or any other authorities.

Please note that the Proposed Winding Up will be recommended by the Board to the shareholders of PacificMas after the completion of the Proposals.

## 11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, none of the Directors or major shareholders of PacificMas as well as persons connected with them has any interest, direct or indirect, in the Proposals:-

### (a) Interested major shareholders

OCSB, a major shareholder and holding company of PacificMas, is deemed interested in the Proposals by virtue of OCSB being the purchaser of the Target Companies. Accordingly, OCSB will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposed Disposals and the Proposed Capital Repayment at an EGM to be convened.

Koperasi Angkatan Tentera Malaysia Berhad ("**KAT**"), a major shareholder of PacificMas and PMFB, is deemed interested in the Proposed Disposal of PMFB Shares by virtue of KAT owning 15% of equity interest in PMFB. Accordingly, KAT will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposed Disposal of PMFB Shares at an EGM to be convened.

As at 30 November 2011, the shareholdings of the interested major shareholders are as follows:-

Name	Direct		Indirect		
	No. of PacificMas Shares	%	No. of PacificMas Shares	%	
OCSB	108,586,956	63.50	-	-	
FSPL	-	-	108,586,956	63.50	(1)
OCBC	-	-	108,586,956	63.50	(2)
KAT	27,387,305	16.02	-	-	

Notes:-

(1) Deemed interested by virtue of its shareholding in OCSB

(2) Deemed interested by virtue of its shareholding in FSPL

**(b) Interested directors**

- (i) George Lee Lap Wah, being a nominee Director of OCBC, which is the ultimate holding company of OCSB and PacificMas. He is also a Director of OCSB;
- (ii) Jeffrey Chew Sun Teong, being a nominee Director of OCBC, which is the ultimate holding company of OCSB and PacificMas;
- (iii) Wong Ah Wah, being a nominee Director of OCBC, which is the ultimate holding company of OCSB and PacificMas; and
- (iv) Dato' Ahmad Zahudi bin Hj. Salleh, being a nominee Director of KAT, which is a major shareholder of PacificMas and PMFB.

Accordingly, George Lee Lap Wah, Jeffrey Chew Sun Teong and Wong Ah Wah have abstained and will continue to abstain from all deliberations and voting on the resolutions pertaining to the Proposals at the relevant Board meetings. They will also abstain from voting in respect of their direct and/or indirect shareholdings in PacificMas, if any, on the resolutions pertaining to the Proposed Disposals and the Proposed Capital Repayment to be tabled at an EGM to be convened. They have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interest on the resolutions pertaining to the Proposed Disposals and the Proposed Capital Repayment at an EGM to be convened.

Dato' Ahmad Zahudi bin Hj. Salleh has abstained and will continue to abstain from all deliberations and voting on the resolution pertaining to the Proposed Disposal of PMFB Shares at the relevant Board meetings. He will also abstain from voting in respect of his direct and/or indirect shareholdings in PacificMas, if any, on the resolution pertaining to the Proposed Disposal of PMFB Shares to be tabled at an EGM to be convened. He has also undertaken to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect interest on the resolution pertaining to the Proposed Disposal of PMFB Shares at an EGM to be convened.

Tan Sri Dato' Nasruddin is not deemed interested in the Proposals. However, as he is a director of OCBC Advisers (Malaysia) Sdn Bhd, the adviser for OCSB, he has, in view of the potential conflict of interest which may thereby arise, on his own accord has abstained and will continue to abstain from all deliberations and voting on the resolutions pertaining to the Proposals at the relevant Board meetings. Tan Sri Dato' Nasruddin will also abstain from voting in respect of his direct and/or indirect shareholdings in PacificMas, if any, on the resolutions pertaining to the Proposed Disposals and the Proposed Capital Repayment to be tabled at an EGM to be convened.

## **12. RELATED PARTY TRANSACTIONS**

As at the date of this Announcement, save as disclosed below, there has been no transaction (not being a transaction within the ordinary course of business) entered into between the Company and the same related parties for the preceding twelve (12) months:-

- (a) the Proposed Disposals; and
- (b) the purchase of second-hand computer servers by the Company from PMFB for an aggregate amount of RM29,136 whereby KAT holds 15% equity interest in PMFB.

## **13. DIRECTORS' STATEMENT**

After having considered, among others, the views of the Main Adviser, the Independent Adviser, the legal counsel and all relevant aspects of the Proposals, the Board, save for the Interested Directors and Tan Sri Dato' Nasruddin, is of the opinion that the Proposals are in the best interest of the Company and the non-interested shareholders of the Company.

Accordingly, the Board will table the Proposals for the consideration of the shareholders at an EGM to be convened.

## **14. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee of PacificMas (save for Jeffrey Chew Sun Teong), after having considered all aspects of the Proposals, is of the view that the Proposals are:-

- (a) in the best interests of PacificMas;
- (b) fair and reasonable and on normal commercial terms; and
- (c) not detrimental to the interests of the non-interested shareholders of PacificMas.

The Audit Committee of PacificMas (save for Jeffrey Chew Sun Teong) has sought the opinion of KIBB, the Independent Adviser, in forming its views in relation to the Proposals and concurred with the views of the Independent Adviser that the terms and conditions of the Proposals are fair and reasonable insofar as the shareholders of PacificMas are concerned and are not detrimental to the interest of the non-interested shareholders.

## **15. FINANCIAL RESOURCES OF OCSB**

OCSB had confirmed vide its letter to PacificMas dated 3 November 2011 that it has sufficient financial resources to undertake the acquisition of the Target Assets.

**16. PERCENTAGE RATIOS**

The highest percentage ratios applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Listing Requirements is 75.41%, based on the latest audited consolidated financial statements of the Company for the FYE 31 December 2010.

**17. ADVISERS**

AmInvestment Bank has been appointed as the Main Adviser to the Company for the Proposals.

The Proposals are to be regarded as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements and a major disposal pursuant to Paragraph 10.11A of the Listing Requirements. Accordingly, KIBB has been appointed on 20 October 2011 to act as the Independent Adviser to undertake the following in relation to the Proposals:-

- (a) comment as to:-
  - (i) whether the Proposals are fair and reasonable so far as the shareholders of PacificMas are concerned; and
  - (ii) whether the Proposals are to the detriment of the non-interested shareholders of PacificMas,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise the non-interested shareholders of PacificMas whether they should vote in favour of the Proposed Disposals and the Proposed Capital Repayment; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (a) and (b) above.

The independent advice letter from KIBB in relation to the Proposals will be made available to all the shareholders of PacificMas together with the circular to shareholders of the Company relating to the Proposals to be despatched in due course.

**18. SUBMISSION TO THE AUTHORITIES AND ESTIMATED TIMEFRAME FOR COMPLETION**

The application to the relevant authorities for the Proposals will be submitted within two (2) months from the date of this Announcement.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed by the second (2<sup>nd</sup>) half of 2012.

**19. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be made available for inspection at the registered office of the Company at Level 19, Menara Prudential, No.10, Jalan Sultan Ismail, 50250 Kuala Lumpur from Monday to Friday between 9.00 a.m. to 5.00 p.m. (except public holidays) for a period of three (3) months from the date of this Announcement:-

- (a) SPA; and
- (b) The valuation report prepared by Appraisal Malaysia.

This Announcement is dated 21 December 2011.

## Information on the Target Companies

### 1. Pac Lease

Pac Lease was incorporated in Malaysia on 9 May 1996 under the Act as a private limited company under the name of Pac Lease Sdn Bhd. It was subsequently converted into a public limited company and assumed its present name on 6 June 2011. The principal activities of Pac Lease are hire-purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products and services. Pac Lease's operations are carried out entirely in Malaysia.

As at 30 November 2011, Pac Lease does not have any subsidiary or associated companies.

As at 30 November 2011, the authorised share capital of Pac Lease is RM250,000,000 comprising 250,000,000 ordinary shares of RM 1.00 each, of which 115,000,000 Pac Lease Shares are fully paid up.

A summary of the financial information of Pac Lease based on its audited financial statements for the past three (3) FYE from 31 December 2008 to 31 December 2010 and the unaudited financial statements for the nine (9)-month FPE 30 September 2011 are as follows:-

	<-----Audited FYE 31 December----->			Unaudited 9- month FPE 30.9.2011
	2008 RM '000	2009 RM '000	2010 RM '000	RM '000
<b>Revenue</b>	23,046	24,861	39,412	41,707
<b>Profit before tax ("PBT")</b>	8,151	7,100	14,424	15,877
<b>Tax</b>	(2,185)	(1,853)	(3,684)	(4,202)
<b>PAT</b>	5,966	5,247	10,740	11,675
<b>NA</b>	63,441	101,123	146,863	158,538
<b>Total borrowings</b>	192,889	273,109	434,165	589,706
<b>Gearing Ratio (times)</b>	3.04	2.70	2.96	3.72
<b>Net loan and receivables</b>	257,417	350,590	542,694	737,681

#### Commentaries:-

Pac Lease's PBT and PAT for FYE 31 December 2009 decreased by RM1.05 million and RM0.72 million respectively compared to FYE 31 December 2008. This is mainly due to higher allowances set aside for loans and receivables, staff cost and other operational expenses to support business expansion.

For the FYE 31 December 2010, Pac Lease achieved a significant growth in revenue by RM14.55 million or 58.5% from FYE 31 December 2009. Pac Lease's PAT had also improved significantly by RM5.49 million or 104.7% from the FYE 31 December 2009. The improved performance was mainly due to its business expansion resulting in significant loan and receivables growth. The net loan and receivables base as at 31 December 2010 of RM542.69 million represents an increase of RM192.10 million or 54.8% from the net loan and receivables base as at 31 December 2009. The increase in PAT was also attributed to the fee income arising from strategic tie-ups and cross-selling with companies within the OCBC group of companies such as OCBC Bank (Malaysia) Berhad, Great Eastern Life Assurance Berhad and Overseas Assurance Corporation (Malaysia) Berhad, which complemented its net interest income stream. Apart from that, Pac Lease has also opened three (3) new branches; two (2) in the outer Klang Valley and one (1) in Lahad Datu, Sabah. This has expanded Pac Lease's distribution network and enabled the company to serve a wider spectrum of customers.

For the FPE 30 September 2011, Pac Lease continued to grow significantly in its loan and receivables base. As at 30 September 2011, the net loan and receivables balance stood at RM737.68 million; which is an increase of RM195.0 million or 35.9% over the last FYE 31 December 2010. Arising therefrom, Pac Lease's revenue and PAT surpassed its full FYE 31 December 2010 results by RM2.30 million and RM0.94 million respectively.

As the company has no deposit takings, Pac Lease is dependent on bank lines and issuance of commercial papers to fund and grow its hire-purchase and leasing business. As at 30 September 2011, the gearing of Pac Lease increased from 2.96 times as at 31 December 2010 to 3.72 times as at 30 September 2011.

## 2. PMFB

PMFB was incorporated in Malaysia on 15 March 1995 under the Act as a public limited company. The principal activities of PMFB are the establishment and management of unit trust funds as well as the management of private investment mandates. PMFB's operations are carried out entirely in Malaysia.

As at 30 November 2011, PMFB does not have any subsidiary or associated companies.

As at 30 November 2011, the authorised share capital of PMFB is RM5,000,000 comprising 5,000,000 ordinary shares of RM 1.00 each, of which 5,000,000 PMFB Shares are fully paid up.

A summary of the financial information of PMFB based on its audited financial statements for the past three (3) FYEs 31 December 2010 and the unaudited financial statements for the nine (9)-month FPE 30 September 2011 are as follows:-

	<-----Audited FYE 31 December----->			Unaudited 9-
	2008	2009	2010	month FPE 30.9.2011
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	27,826	27,956	39,894	32,498
<b>PBT</b>	48	3,101	3,595	3,729
<b>Taxation</b>	6	(373)	(742)	(834)
<b>PAT</b>	54	2,728	2,853	2,895
<b>NA</b>	20,766	22,389	22,837	25,732
<b>Total borrowings</b>	-	-	-	-

### Commentaries:-

The PBT for the FYE 31 December 2009 has increased by RM3.05 million as compared to the preceding financial year despite a marginal increase in revenue of RM0.13 million. This is mainly due to the net realised gains on disposal of AFS securities of RM0.29 million compared to a net realised loss of RM2.54 million in the previous financial year. PBT for FYE 2009 was also boosted by performance fee income of RM0.69 million while there was no performance fee income for FYE 2008. The commission and direct expenses represents 46.8% of the revenue for the FYE 31 December 2009.

The immediate two (2) years post 2008 financial crisis and a subsequent continuous rebound/uptrend in most global equity markets had seen investors gradually warming towards equity markets again. For the FYE 31 December 2010, PMFB registered an increase in revenue by RM11.94 million or 42.7% as compared to the preceding financial year ended 31 December 2009. This is mainly due to the launch of nine (9) new funds and higher performance fee and management fee.

Despite the significant improvement in PMFB's revenue, PMFB only registered an increase in PBT by 15.9% for FYE 31 December 2010 as compared to the preceding financial year. The improvement in revenue was partly mitigated by higher direct and operating expenses for the launch of the nine (9) new funds. Additionally, PMFB also embarked on aggressive advertising strategies to promote its industry achievements and market presence which resulted in a rise in corporate advertisement spending. The percentage of commission and direct expenses to revenue for the FYE 31 December 2010 has increased from 46.8% for the FYE 31 December 2009 to 52.6% for the FYE 31 December 2010. The above factors have contributed to a lower PBT margin of 9.0% as compared to 11.1% for the FYE 31 December 2009.

For the FPE 30 September 2011, PMFB recorded a PBT margin of 11.5% as compared to 9.0% for the FYE 31 December 2010. This is mainly due to higher advertising costs and launch expenses for the nine (9) funds incurred for FYE 31 December 2010.

### 3. PBPSB

PBPSB was incorporated in Malaysia on 4 June 1984 under the Act as a private limited company under the name of P.B. Leasing Sdn Bhd and subsequently changed its name to P.B. Pacific Sdn Bhd on 23 October 1990. The principal activity of PBPSB is property investment and management.

As at 30 November 2011, PBPSB does not have any subsidiary or associated companies.

As at 30 November 2011, the authorised share capital of PBPSB is RM10,000,000 comprising 10,000,000 ordinary shares of RM 1.00 each, of which 10,000 PBPSB Shares are fully paid up.

A summary of the financial information of PBPSB based on its audited financial statements for the past three (3) FYEs 31 December 2010 and the unaudited financial statements for the nine (9)-month FPE 30 September 2011 are as follows:-

	<-----Audited FYE 31 December----->			Unaudited 9-
	2008	2009	2010	month FPE 30.9.2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	10,304	10,288	10,240	7,782
<b>PBT</b>	4,500	1,477	1,031	966
<b>Taxation</b>	(1,247)	(750)	(635)	(524)
<b>PAT</b>	3,253	727	396	442
<b>NA</b>	18,347	19,098	19,472	19,931
<b>Total borrowings</b>	78,639	71,000	68,500	66,000

#### Commentaries:-

PBT of PBPSB decreased by RM3.0 million in FYE 31 December 2009 (-67.2%) and this is mostly contributed by the interest expense totalling RM2.7 million paid by PBPSB to PacificMas and PCSB in FYE 31 December 2009 for PBPSB's borrowings from these two related companies. No interest was charged on the borrowings by PBPSB and PCSB in FYE 31 December 2008. PBT decreased by a further RM0.4 million in FYE 31 December 2010 (-30.2%) mainly due to the increase in interest expense on borrowings by RM0.4 million in FYE 31 December 2010 as a result of the increase in interest rate charges.

#### 4. PFSB

PFSB was incorporated in Malaysia on 22 December 1982 under the Act as a private limited company under the name of Union Insurance (Malaysia) Sendirian Berhad and subsequently changed its name to Union Insurance Malaysia Sendirian Berhad on 24 March 1983 and later on to Perbadanan Nasional Insurans Sdn Bhd on 9 June 1993. It was subsequently converted into a public limited company on 14 May 1997 and assumed its name as Perbadanan Nasional Insurans Berhad and thereafter, Konsortium Insurans Berhad on 19 January 2000. With effect from 16 January 2002, it reverted back into a private limited company under the name of Konsortium Insurans Sdn Bhd and changed its name to its present name on 22 January 2002. The principal activity of PFSB is investment holding.

As at 30 November 2011, PFSB does not have any subsidiary or associated companies.

As at 30 November 2011, the authorised share capital of PFSB is RM100,000,000 comprising 95,000,000 ordinary shares of RM 1.00 each and 5,000,000 5% Convertible Cumulative Redeemable Preference Shares of RM1.00 each, of which 50,000,000 PFSB Shares are fully paid up.

A summary of the financial information of PFSB based on its audited financial statements for the past three (3) FYEs 31 December 2010 and the unaudited financial statements for the nine (9)-month period ended 30 September 2011 are as follows:-

	<-----Audited FYE 31 December----->			Unaudited 9-
	2008	2009	2010	month FPE 30.9.2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	2,287	1,963	2,614	1,533
<b>PBT</b>	101	4,331	4,184	358
<b>Taxation</b>	220	(710)	(467)	492
<b>PAT</b>	321	3,621	3,717	850
<b>NA</b>	61,142	65,584	70,358	51,808
<b>Total borrowings</b>	-	-	-	-

#### Commentaries:-

PFSB's revenue (which comprises of interest and dividend/distribution income) decreased by RM0.3 million (-14.1%) in FYE 31 December 2009 but PBT increased by RM4.2 million. This is mostly contributed by a swing from trading loss on equity securities of RM2.0 million in 2008 to a trading gain of RM2.5 million in 2009. Revenue increased by RM0.7 million (33.2%) in FYE 31 December 2010 due to higher distribution income from PFSB's unit trust investments. However, PBT for FYE 31 December 2010 decreased by RM0.15 million mainly as a result of lower trading gain on PFSB's equity securities by RM0.4 million when compared with FYE 31 December 2009.

#### 5. PCSB

PCSB was incorporated in Malaysia on 8 October 1973 under the Act as a public limited company under the name of Malaysia & Nippon Insuran Berhad and subsequently changed its name to Malaysia & Nippon Insurans Berhad on 25 August 2004. It was subsequently converted into a private limited company on 27 October 2004 and assumed its name as Malaysia & Nippon Insurans Sdn Bhd. With effect from 5 November 2004, the company changed its name to its present name. The principal activity of PCSB is investment holding.

As at 30 November 2011, PCSB does not have any subsidiary or associated companies.

As at 30 November 2011, the authorised share capital of PCSB is RM100,000,000 comprising 100,000,000 ordinary shares of RM 1.00 each, of which 53,000,000 PCSB Shares are fully paid up.

A summary of the financial information of PCSB based on its audited financial statements for the past three (3) FYEs 31 December 2010 and the unaudited financial statements for the nine (9)-month FPE 30 September 2011 are as follows:-

	<-----Audited FYE 31 December----->			Unaudited 9-
	2008	2009	2010	month FPE 30.9.2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	453	1,581	2,248	1,561
<b>PBT</b>	424	1,880	2,209	1,716
<b>Taxation</b>	49	230	(281)	75
<b>PAT</b>	473	2,110	1,928	1,791
<b>NA</b>	55,970	58,566	61,015	55,406
<b>Total borrowings</b>	-	-	-	-

Commentaries:-

Revenue and PBT of PCSB increased by RM1.1 million (249.0%) and RM1.5 million (343.4%) respectively in FYE 31 December 2009. This is mainly due to the interest income of RM1.0 million earned from the PCSB's loan to PBPSB. No interest was charged in 2008. The increase in revenue and PBT of RM0.7 million (42.2%) and RM0.3 million (17.5%) respectively in FYE 31 December 2010 was due to higher distribution income by RM0.6 million from PFSB's unit trust investments..

The details of Menara Prudential, including the valuation methods employed and the market value of the property, as at 15 November 2011, being the material date of valuation, as ascribed by Appraisal Malaysia are set out below:-

<b>Identification</b>	<i>Lot 1306, Section 57, Town &amp; District of Kuala Lumpur, Wilayah Persekutuan</i>
<b>Postal address</b>	<i>No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur</i>
<b>Brief description</b>	<i>A high rise office building known as Menara Prudential.</i>
<b>Existing and proposed use</b>	<i>Commercial</i>
<b>Tenure</b>	<i>Perpetuity</i>
<b>Car park bays</b>	<i>201</i>
<b>Land area</b>	<i>1,792 sq metres / 19,289 sq ft</i>
<b>Built-up area</b>	<i>35,633.69 sq metres / 383,561 sq ft</i>
<b>Age of building</b>	<i>Approximately 11 years from date of Temporary Certificate of Fitness for Occupation</i>
<b>Appraised value</b>	<i>As at 15 November 2011, the market value of Menara Prudential held under a freehold title and subject to existing tenancies and leases is RM142,226,000</i>
<b>Method of valuation</b>	<i>Investment method</i>
<b>Net book value based on latest audited financial statements</b>	<i>RM94,162,695 as at 31 December 2010</i>
<b>Encumbrances</b>	<i><u>Presentation No. :-15269/2001</u></i>  <i>Leased to Prudential Assurance Malaysia Berhad for a period of 21 years commencing on 1 February 2001 and expiring on 31 January 2022</i> <i>Registered on 23 August 2001</i>  <i><u>Presentation No. :-28832/2004</u></i>  <i>Leased part of land to Tenaga Nasional Berhad measuring 21.98 sq. m. for a period of 19 years commencing on 31 January 2003 and expiring on 30 January 2022</i> <i>Registered on 29 December 2004</i>
<b>Gross built-up area/lettable space</b>	<i>383,561 sq ft / 147,811.88 sq ft</i>
<b>Occupancy</b>	<i>94.6%</i>
<b>Expected rental income per month</b>	<i>RM5.30 to RM6.50 per sq ft for office space from level 1 to level 19</i>

## EFFECT OF THE PROPOSALS

## NA and gearing

For illustrative purposes only, based on the latest audited consolidated financial statements of PacificMas as at 31 December 2010 and on the assumption that the Proposals were effected on that date, the proforma effects of the Proposals on the NA and gearing of the PacificMas Group are set out below:-

	<b>Audited 31 December 2010</b>	<b>Material Subsequent Events</b>	<b>Proforma I</b>	<b>Proforma II</b>	<b>Proforma III</b>	<b>Proforma IV</b>	<b>Proforma V</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Share capital	170,994	170,994	170,994	170,994	170,994	8,550	-
Fair value reserves	2,261	2,041	956	956	(541)	(541)	-
Retained profits	481,378	251,609	385,173	408,281	404,067	541	-
Shareholders' funds/ NA	<u>654,633</u>	<u>424,644</u>	<u>557,123</u>	<u>580,231</u>	<u>574,520</u>	<u>8,550</u>	<u>-</u>
No. of PacificMas Shares	170,994	170,994	170,994	170,994	170,994	170,994	-
NA per PacificMas Shares	3.83	2.48	3.26	3.39	3.36	0.05 <sup>(1)</sup>	-
Borrowings	434,165	434,165	-	-	-	-	-
Gearing (times)	0.66	1.02	-	-	-	-	-

Note:-

(1) Change in the par value of PacificMas shares from RM1.00 to RM0.05 arising from the Proposed Capital Reduction.

*Material Subsequent Events* : Incorporate the effects on the adjustment for special interim dividend which was paid on 26 April 2011 of RM230.585 million and gain on disposal of associated company of approximately RM0.816 million (based on NA of associated company as at 31 December 2010).

*Proforma I* : Incorporate the effects of the Material Subsequent Events and the gain arising from the Proposed Disposal of Wholly-Owned Subsidiaries of approximately RM133.563 million.

*Proforma II* : Incorporate the effects of Proforma I and the gain arising from the Proposed Disposal of PMFB Shares of approximately RM23.108 million.

*Proforma III* : Incorporate the effects of Proforma II and the effects of the Proposed Realisation of Residual Assets and estimated expenses net of realisation of fair value reserves amounting to an aggregate of RM4.214 million.

*Proforma IV* : Incorporate the effects of Proforma III and the Proposed Special Dividend amounting to RM403.526 million, representing RM2.36 per PacificMas Share and Proposed Capital Repayment amounting to RM162.444 million, representing RM0.95 per PacificMas Share to all the entitled shareholders via a capital reduction of RM0.95 par value per PacificMas Share in accordance with Section 64 of the Act amounting to RM162.444 million.

*Proforma V* : Incorporate the effects of Proforma IV and the Proposed Winding-up.