

OCBC CAPITAL (MALAYSIA) SDN BHD
(Company No: 221694-M)

STRICTLY PRIVATE & CONFIDENTIAL

17 October 2011

Board of Directors
PacificMas Berhad
Level 19 Menara Prudential
10 Jalan Sultan Ismail
50250 Kuala Lumpur

SUBJECT TO CONTRACT

Dear Sirs

OFFER TO ACQUIRE PACIFICMAS BERHAD'S ("PACIFICMAS"):-

(A) ENTIRE EQUITY INTEREST IN THE FOLLOWING:-

- (I) 100% of PAC LEASE BERHAD ("PAC LEASE");**
- (II) 100% of PB PACIFIC SDN BHD ("PBPSB");**
- (III) 100% of PACIFICMAS FIDELITY SDN BHD ("PFSB");**
- (IV) 100% of PACIFICMAS CAPITAL SDN BHD ("PCSB"), AND**

(B) 85% EQUITY INTEREST IN PACIFIC MUTUAL FUND BERHAD ("PMFB").

(THE "OFFER")

1.0 Our Offer

1.1 OCBC Capital (Malaysia) Sdn Bhd ("**OCSB**"), hereby makes an offer to acquire PacificMas' entire equity interest in the following subsidiaries upon the terms and conditions of this letter (as set out herein) and subject to the execution of definitive agreement ("**Acquisition Agreement**") in respect of the Offer ("**Proposed Acquisitions**"):-

- (a) 100% equity interest in Pac Lease comprising of 115,000,000 ordinary shares of RM1.00 each ("**Pac Lease Shares**");
- (b) 85% equity interest in PMFB comprising of 4,250,000 ordinary shares of RM1.00 each ("**PMFB Shares**");
- (c) 100% equity interest in PBPSB comprising of 10,000 ordinary shares of RM1.00 each ("**PBPSB Shares**");
- (d) 100% equity interest in PFSB comprising of 50,000,000 ordinary shares of RM1.00 each ("**PFSB Shares**"); and
- (e) 100% equity interest in PCSB comprising of 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 "**Target Assets**". Pac Lease, PMFB, PBPSB, PFSB and PCSB are collectively referred as the "**Target Companies**".

Address: Level 13, Menara OCBC, Jalan Tun Perak, 50050 Kuala Lumpur
Fax: +603 2691 6616

- 1.2 Subject to paragraph 1.4 below, the aggregate purchase consideration for the Proposed Acquisitions shall be RM450,000,000 which shall be satisfied by way of :
- 1.2.1 RM164,233,990 in cash ("**Cash Portion**") to be paid on Completion Date (as defined below); and
- 1.2.2 RM285,766,010 as an amount due and owing by OCSB to PacificMas ("**Deferred Amount**") payable not later than the date falling twelve (12) months from the date of the Acquisition Agreement.
- 1.3 The Target Assets will be acquired on the basis that they shall be free from all encumbrances or adverse claims or interests whatsoever and with all rights, benefits and advantages attaching thereto or accruing thereon on or after the date of this offer ("**Offer Date**") including but without limitation, all dividends, bonuses, rights and distributions declared, paid or made in respect thereof on or after the Offer Date.
- 1.4 If any of the Target Companies declares and pays any dividends or distribution of any form after the Offer Date and prior to the Completion Date (as defined below), the Purchase Consideration shall be reduced by an amount equivalent to the net amount of such dividends or other distributions received by OCSB and the Cash Portion and the Deferred Amount shall accordingly be reduced proportionately.

2. **Transaction Structure**

- 2.1 After the completion of the Proposed Acquisitions, we understand that PacificMas' assets would comprise mainly cash, available-for-sale/trading securities and the Deferred Amount. PacificMas may then be classified as an affected listed issuer ("**PN 17 Company**") under Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") as it has insignificant business and has ceased its entire/major operations/business; as well as a "**Cash Company**" pursuant to the Paragraph 8.03(1) of the Listing Requirements. In view of the foregoing, OCSB proposes that immediately after completion of the Proposed Acquisitions, and subject to the relevant approvals being obtained, the parties hereto will proceed in the following manner:-
- 2.1.1 PacificMas will immediately take steps to liquidate/sell as far as possible all of its remaining residual assets and settle all the outstanding debts or liabilities, including settling (or setting aside an amount sufficient to cover) expenses relating to the Proposed Acquisitions and Proposed Distributions (as defined below). Thereafter, PacificMas will promptly distribute its remaining cash via the declaration of special dividend(s) and/or the implementation of a capital repayment exercise in accordance with Section 64 of the Companies Act, 1965, to all the entitled shareholders of PacificMas ("**Proposed Distributions**"). The objective of the liquidation and sale of assets is to realise the value of all remaining assets and PacificMas will use its best endeavours to distribute expeditiously the remaining cash and realizable value to all the entitled shareholders; and
- 2.1.2 OCSB will authorize PacificMas to apply the cash entitlement of OCSB under the Proposed Distributions to set-off against the Deferred Amount and distribute the balance (if any) to OCSB in cash.

3. **Conditions Precedent**

- 3.1 Following upon the acceptance of this Offer, the completion of the sale and purchase of the Proposed Acquisitions shall be conditional upon the fulfillment of the following conditions precedent ("**Conditions Precedent**"), including but not limited to:-

- (a) the approval of the shareholders of PacificMas for the disposal of the Target Assets based on terms and conditions in the Acquisition Agreement and for the Proposed Distribution;
- (b) the approval of the shareholders of PacificMas to the capital repayment under the Proposed Distributions;
- (c) the approval or consent of the creditors of PacificMas and/or its subsidiaries, where required;
- (d) the approval of the Monetary Authority of Singapore for OCSB's ultimate holding company, Oversea-Chinese Banking Corporation Limited to increase its effective interests in the Target Companies; and
- (e) the approval of any regulatory authorities as may be necessary or required including but not limited to Bursa Securities.

PacificMas shall be responsible for applying for or (insofar as it has the power) procuring the satisfaction of all Conditions Precedent above except for the Condition Precedent set out in paragraph 3.1 (d) above which shall be the responsibility of OCSB.

- 3.2 The parties acknowledge that the proposed capital repayment under the Proposed Distributions will be subject to:-
- (a) the approval of the shareholders of PacificMas;
 - (b) the approval or consent of the creditors of PacificMas and/or its subsidiaries, where required by the High Court of Malaya; and
 - (c) the grant of an order of the High Court of Malaya confirming the capital reduction and repayment.
- 3.3 For avoidance of doubt, the parties acknowledge and agree that the Proposed Acquisitions are conditional upon the approval of PacificMas shareholders to the Proposed Acquisitions and the Proposed Distributions, but the completion of the Proposed Acquisition will not be conditional upon the completion of the Proposed Distributions.
- 3.4 All parties (including PacificMas) shall co-operate and use their respective best endeavours to obtain the approvals, consents and order described in paragraphs 3.1 and 3.2 above.

4.0 Completion

- 4.1 The completion of the Proposed Acquisitions in the manner set out in paragraph 2 above shall take place within ten (10) market days after the satisfaction of all the Conditions Precedent and the approvals granted thereto remaining valid and not revoked or varied, or any other date and time that the parties may mutually agree on ("**Completion Date**").
- 4.2 On completion, PacificMas will deliver the original share certificates in respect of the shares in the Target Companies and the corresponding duly executed and valid instruments of transfers to OCSB or to its order together with the undated resignation letters of the directors of the Target Companies as may be identified by OCSB and such other Board resolutions and other documents as may be reasonably required by OCSB to transfer good title of the Target Assets to OCSB and/or its nominees and to enable OCSB and/or its nominees to be registered as the owner of the Target Assets and in exchange therefor, OCSB will pay the Cash Portion to PacificMas. It is acknowledged that OCSB shall have the rights to direct the shares in the Target Companies to be transferred by OCSB to any company or companies that OCSB may nominate.

5. Other Provisions

5.1 Upon acceptance of this Offer by PacificMas, OCSB agrees that the parties shall proceed in accordance with the following terms and conditions:-

- (a) each party will each use all reasonable endeavours to negotiate and finalise the terms of the Acquisition Agreement, which will incorporate the principal terms and conditions set out in this Offer by **11 December 2011** or such later date as may be agreed between the parties hereto ("**Cut-off Date**") If the parties hereto notwithstanding their reasonable endeavour fail to enter into the Acquisition Agreement for any reason whatsoever by the Cut-off Date, this Offer (and any agreement constituted by it) notwithstanding acceptance of this Offer by PacificMas, will forthwith lapse and cease to have any further force or effect and thereafter none of the parties hereto shall have any further rights against the other;
- (b) neither party will make any public announcement or disclosure in relation to the Proposed Acquisitions without the prior written consent of the other party, except as required under the law, or the Listing Requirements, or by any relevant regulatory body; and
- (c) the parties agree that any information which they may obtain concerning the Proposed Acquisitions or the affairs or assets of the other party will be kept confidential and will not be used for any purpose other than for the purpose of the Proposed Acquisitions.

5.2 From the date of the acceptance of the terms of this Offer until the Cut-off Date, PacificMas shall deal with OCSB exclusively on the Proposed Acquisitions. PacificMas will not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of any of the Target Assets or any interest therein or any privatisation proposal involving PacificMas or any of the Target Companies at any time until the Cut-off Date if the Acquisition Agreement has not been executed by that date.

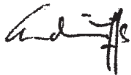
From the date of the acceptance of this Offer until the completion of the Proposed Acquisitions, PacificMas shall undertake and agree that unless the prior consent in writing of OCSB is obtained:-

- (a) PacificMas and the Target Companies will not declare and make any dividend or capital;
- (b) PacificMas and the Target Companies will not conduct any form of capital raising exercise, either in the form of debt or equity or issue any new shares nor will PacificMas grant any options over unissued shares in the Target Companies;
- (c) PacificMas and the Target Companies will not enter into any commitment or contract or assume any obligation or acquire or dispose of any of its respective assets or create a security interest over any of its respective assets outside the ordinary course of business;
- (d) PacificMas and the Target Companies will not pass any resolution in general meeting (other than in the ordinary course of business tabled in an annual general meeting or in connection with the Proposed Acquisitions) or make any alteration to the provisions of its respective memorandum and articles of association;
- (e) PacificMas and the Target Companies will not do or cause or allow to be done or omitted, any act or thing which would result (or likely to result) in a breach of any lawful obligation of any of them;

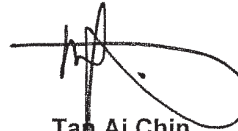
- (f) PacificMas and the Target Companies will carry on its respective business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as of the Offer Date so as to preserve the value of its businesses and its relationships with all parties to the intent that their goodwill and going concern shall not be materially impaired at the completion of the Proposed Acquisitions;
- (g) No Target Company will issue any shares, warrants, options or securities which are convertible or exchangeable into shares in any of the Target Companies; and
- (h) PacificMas is and will remain the legal and beneficial owner of the Target Assets and the Target Assets are free of any encumbrances.
- 5.3 For your information, OCBC Advisers (Malaysia) Sdn Bhd is our Financial Adviser on the Proposed Acquisitions.
- 5.4 This Offer shall be governed by and construed in accordance with Malaysian law.
- 5.5 This Offer shall remain open for acceptance up to **5.30 p.m. (Malaysian time) on 4 November 2011** after which it shall forthwith lapse and be of no further legal effect unless OCSB agrees in writing to extend the period for which this Offer shall continue to be valid. For the avoidance of doubt, the parties agree that, except for the provisions of paragraph 5 of this Offer which shall be valid and binding on the parties as from the date of acceptance of this Offer, this Offer is not legally binding unless superseded by the Acquisition Agreement.

Yours sincerely

For and on behalf of the Board of Directors
OCBC Capital (Malaysia) Sdn Bhd



Tan Fong Sang
Director



Tan Ai Chin
Director

Acceptance of Offer

We, PacificMas Berhad, confirm that we accept the Offer on the terms stated in this letter.

Signed
For and on behalf of the Board of Directors
PacificMas Berhad

Name:

Designation:

Date: