

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your ordinary shares in **PacificMas Berhad**, you should at once hand this Circular together with the enclosed Form of Proxy to the purchaser, transferee or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



(Company No.: 5024-T)

(Incorporated in the Federation of Malaya under the Companies Ordinances 1940 to 1946)

**CIRCULAR TO SHAREHOLDERS**

IN RELATION TO

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

A relevant extract of the Notice of the Forty-Second Annual General Meeting to be held at the Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 June 2004, at 3.00 p.m., is enclosed in this Circular. The Form of Proxy is enclosed in the 2003 Annual Report of PacificMas Berhad. The Form of Proxy should be lodged at the Registered Office of PacificMas Berhad at Level 18, Menara Prudential, 10 Jalan Sultan Ismail, 50250 Kuala Lumpur not later than forty-eight (48) hours before the time of the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Meeting if you subsequently wish to do so.

This Circular is dated 7 June 2004

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	: The Companies Act, 1965
“AGM”	: Annual general meeting
“GELM”	: Great Eastern Life Assurance (Malaysia) Berhad
“KAT”	: Koperasi Angkatan Tentera Malaysia Berhad
“Bursa Malaysia”	: Bursa Malaysia Securities Berhad
“Listing Requirements”	: Listing Requirements of Bursa Malaysia
“MNIB”	: Malaysia & Nippon Insurans Berhad
“MTB”	: Malaysian Trustees Berhad
“OACM”	: Overseas Assurance Corporation (Malaysia) Berhad
“OCBC”	: Oversea-Chinese Banking Corporation Limited
“Pacific Mutual”	: Pacific Mutual Fund Bhd
“PacificMas” or “the Company”	: PacificMas Berhad
“PacificMas Group” or “the Group”	: PacificMas and its subsidiary companies
“PAM”	: PacificMas Asset Management Sdn Bhd
“PB Pacific”	: P.B. Pacific Sdn Bhd
“PFSB”	: Pacific Mas Fidelity Sdn Bhd
“PIB”	: The Pacific Insurance Berhad
“Proposed Mandate”	: Proposed mandate from the shareholders of PacificMas for the RRPTs
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“RRPTs”	: Recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the PacificMas Group, to be entered into by PacificMas and/or its subsidiary companies, which involve the interest, direct or indirect, of the related parties
“share(s)”	: Ordinary share(s) of RM1.00 each
“substantial shareholder”	: Shareholder holding 5% or more equity interest in PacificMas
“UMB”	: United Malacca Berhad

## CONTENTS

	<b>PAGE</b>
<b>DIRECTORS' LETTER TO SHAREHOLDERS CONTAINING:-</b>	
1. INTRODUCTION.....	1
2. PROPOSED MANDATE.....	1
3. RATIONALE FOR THE PROPOSED MANDATE.....	7
4. EFFECTS OF THE PROPOSED MANDATE.....	7
5. REVIEW PROCEDURES .....	8
6. STATEMENT BY THE AUDIT COMMITTEE.....	8
7. APPROVAL REQUIRED.....	9
8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	9
9. DIRECTORS' RECOMMENDATION .....	10
10. ANNUAL GENERAL MEETING.....	10
11. FURTHER INFORMATION.....	10
 <b>APPENDIX</b>	
FURTHER INFORMATION.....	11
EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING.....	13
RELATING TO THE PROPOSED MANDATE	

# PACIFICMAS BERHAD

(Company No. : 5024-T)

(Incorporated in the Federation of Malaya under the Companies Ordinances, 1940 to 1946)

## BOARD OF DIRECTORS

Choi Siew Hong (*Chairman*)  
Tan Sri Dato' Wong Kum Choon  
Kol. (B) Dato' Ir. Cheng Wah  
Keong Choon Keat  
Sharriffudin Ahmad Taff  
Wong Nang Jang

## REGISTERED OFFICE

Level 18, Menara Prudential  
10 Jalan Sultan Ismail  
50250 Kuala Lumpur

7 June 2004

To : The Shareholders of PacificMas Berhad

Dear Sir/Madam,

---

## **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

---

### 1. INTRODUCTION

1.1 The Board of Directors of PacificMas had announced on 17 March 2004 to the Bursa Malaysia that the Company proposed to seek shareholders' approval for the renewal of the mandate for existing RRPTs as well as a mandate for new RRPTs at the forthcoming AGM of PacificMas. This is in view that the existing mandate obtained from the shareholders of PacificMas at the Company's AGM held on 28 May 2003 for the RRPTs will lapse at the conclusion of the forthcoming AGM.

1.2 The purpose of this Circular is to provide you with information on the Proposed Mandate and to seek your approval for the resolutions to be tabled at the forthcoming AGM of PacificMas. The relevant extract of the Notice of AGM is enclosed in this Circular, whilst the Form of Proxy for the AGM resolutions is enclosed in the 2003 Annual Report of PacificMas.

### 2. PROPOSED MANDATE

#### 2.1 *Principal activities of the Group and its associated company*

2.1.1 The principal activities of PacificMas are investment holding and provision of management services to companies within the Group, whilst the principal activities of its subsidiary and associated companies are as follows:-

Name of company	Equity Interest (%)	Principal activities
<i>Subsidiary companies</i>		
PIB	100.00	Underwriting of general insurance business.
Pacific Mutual	85.00	Establishment and management of unit trust funds.
PB Pacific	100.00	Property investment and management.
PAM	90.00	Asset management
Pac Lease Sdn. Bhd.	100.00	Leasing, hire purchase and other related financing services
PFSB	100.0	Investment holding
<i>Associated company</i>		
MTB	20.00	Provision of trustee services

## 2.2 *Transacting Parties*

- 2.2.1 The principal activities of UMB and its subsidiary/associated companies (“UMB Group”) with whom the Group is/will be transacting with are as follows:-

<b>Name of company</b>	<b>Equity Interest (%)</b>	<b>Principal activities</b>
UMB		Cultivation of oil palm and rubber on plantations situated in Malaysia and investment holding
<b><i>Subsidiary companies of UMB</i></b>		
Leong Hin San Sdn Bhd	100.00	Rubber and oil palm production
Masjid Tanah Properties Sdn Bhd	100.00	Property development
Melaka Pindah Properties Sdn Bhd	100.00	Property development
Meridian Plantations Sdn Bhd	100.00	Oil palm production
Syarikat Penanaman Bukit Senorang Sdn Bhd	100.00	Cultivation of oil palm and processing of crude palm oil.
South-East Pahang Oil Palm Berhad	100.00	Cultivation of oil palm
<b><i>Associated company of UMB</i></b>		
Niro Ceramic (M) Sdn Bhd	25.00	Manufacturing and trading of ceramic tiles

- 2.2.2 The principal activities of OCBC and its subsidiary companies (“OCBC Group”) with whom the Group is/will be transacting with are as follows:-

<b>Name of company</b>	<b>Equity Interest (%)</b>	<b>Principal activities</b>
OCBC		Banking and related financial services
<b><i>Subsidiary companies of OCBC</i></b>		
OCBC Bank (Malaysia) Berhad	100.00	Banking and related financial services
OCBC Securities Private Limited	100.00	Futures broking & stockbroking
OCBC Asset Management Limited	100.00	Investment management services
Malaysia Nominees (Tempatan) Sdn Bhd	100.00	Provision of nominee services
GELM	# 51.01	Life insurance business
OACM	# 51.01	General insurance business

# *Including deemed interest*

## 2.3 *Details of the RRPTs*

- 2.3.1 PacificMas proposes to seek shareholders’ approval for the renewal of the mandate for existing RRPTs as well as a mandate for new RRPTs to allow the PacificMas Group, in the ordinary course of business, to enter into RRPTs which are necessary for the day-to-day operations of the PacificMas Group, provided that such transactions are entered into on an arm’s length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

2.3.2 The details of the RRPTs are set out below:-

Ref	Companies within the PacificMas Group	Transacting parties	Interested Parties	Nature of Relationship	Nature of transactions	Estimated aggregate value from 30.6.04 to 30.6.05 (RM' 000)
(i)	<ul style="list-style-type: none"> <li>▪ PIB</li> <li>▪ PAM</li> </ul>	UMB Group	<p><b>Substantial Shareholder</b></p> <ul style="list-style-type: none"> <li>- UMB</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>- Mr. Choi Siew Hong</li> </ul>	<p>UMB is a substantial shareholder of PacificMas by virtue of its 20.85% direct interest in PacificMas. None of the subsidiaries or associated company of UMB has any equity interest in PacificMas.</p> <p>Mr. Choi Siew Hong is a Director of PacificMas, PIB and UMB. Mr. Choi has 0.05% direct and 0.07% indirect interests in PacificMas, and 0.17% direct interest in UMB. He does not have any equity interest in PIB.</p>	<ul style="list-style-type: none"> <li>▪ Provision of general insurance business by PIB <sup>(1)</sup> to the UMB Group <ul style="list-style-type: none"> <li>- Sum insured 155,000</li> <li>- Insurance premium 660</li> </ul> </li> <li>▪ Payment of insurance commissions by PIB to UMB as a general insurance agent of PIB 140</li> <li>▪ Payment of fee relating to asset management services provided by PAM to UMB 50</li> </ul>	
(ii)	<ul style="list-style-type: none"> <li>▪ PacificMas</li> <li>▪ PIB</li> <li>▪ PB Pacific</li> <li>▪ PAM</li> </ul>	MTB <sup>(2)</sup>	<p><b>Substantial Shareholders</b></p> <ul style="list-style-type: none"> <li>- UMB</li> <li>- OCBC</li> </ul> <p><b>Directors</b></p> <ul style="list-style-type: none"> <li>- Mr. Choi Siew Hong</li> <li>- Mr. Wong Nang Jang</li> </ul>	<p>UMB is a substantial shareholder of PacificMas and MTB by virtue of its 20.85% direct interest in PacificMas and 20.00% direct interest in MTB respectively.</p> <p>OCBC has a 24.97% direct and 3.18% indirect interests in PacificMas as well as a 20.00% indirect interest in MTB via OCBC Bank (Malaysia) Berhad.</p> <p>Mr. Choi Siew Hong is a Director of PacificMas, PIB, PB Pacific, UMB and MTB. Mr. Choi has 0.05% direct and 0.07% indirect interests in PacificMas, and a 0.17% direct interest in UMB. He does not have any equity interest in MTB, PIB or PB Pacific.</p> <p>Mr. Wong Nang Jang is a Director of PacificMas and OCBC. He has a direct interest of 76,432 stocks and an indirect interest of 42,743 stocks which in aggregate represents less than 0.01% equity interest in OCBC. He does not have any equity interest in PacificMas.</p>	<ul style="list-style-type: none"> <li>▪ Provision of group support services by PacificMas to MTB 200</li> <li>▪ Provision of general insurance business by PIB <sup>(1)</sup> to MTB <ul style="list-style-type: none"> <li>- Sum insured 15,000</li> <li>- Insurance premium 70</li> </ul> </li> <li>▪ Renting of office space by MTB <sup>(3)</sup> from P.B. Pacific 81</li> <li>▪ Payment of custodian and trustee service fees by PAM to MTB 30</li> </ul>	

Ref	Companies within the PacificMas Group	Transacting parties	Interested Parties	Nature of Relationship	Nature of transactions	Estimated aggregate Value from 30.6.04 to 30.6.05 (RM' 000)
(iii)	<ul style="list-style-type: none"> <li>▪ PacificMas</li> <li>▪ PIB</li> <li>▪ Pacific Mutual<sup>(2)</sup></li> <li>▪ PB Pacific</li> <li>▪ PFSB</li> <li>▪ PAM</li> </ul>	<ul style="list-style-type: none"> <li>▪ PAM <sup>(2)</sup></li> <li>▪ Pacific Mutual <sup>(2)</sup></li> <li>▪ KAT <sup>(4)</sup></li> <li>▪ MNIB <sup>(5)</sup></li> <li>▪ K.T. Niaga Sdn Bhd <sup>(4)</sup></li> </ul>	<p><b>Substantial Shareholder</b> - KAT</p> <p><b>Director</b> - En. Sharriffudin Ahmad Taff</p>	<p>KAT is deemed interested by virtue of the following: -</p> <ul style="list-style-type: none"> <li>- 16.44% direct interest in PacificMas</li> <li>- 15% direct interest in Pacific Mutual</li> <li>- 10% indirect interest in PAM</li> </ul> <p>MNIB is a wholly-owned subsidiary of KAT.</p> <p>KAT has a 51% indirect equity interest in K.T. Niaga Sdn Bhd.</p> <p>En. Sharriffudin Ahmad Taff does not have any equity interest in PacificMas.</p>	<ul style="list-style-type: none"> <li>▪ Provision of group support services by PacificMas to PAM and Pacific Mutual</li> <li>▪ Provision of general insurance business by PIB <sup>(1)</sup> to PAM and Pacific Mutual <ul style="list-style-type: none"> <li>- Sum insured 150,000</li> <li>- Insurance premium 130</li> </ul> </li> <li>▪ Renting of office space by PAM from PB Pacific<sup>(3)</sup> 78</li> <li>▪ Payment of fee relating to asset management services provided by PAM to PacificMas, PIB, PFSB, Pacific Mutual, KAT and MNIB 300</li> <li>▪ Provision of general insurance business by PIB <sup>(1)</sup> to KAT and K.T. Niaga Sdn Bhd <ul style="list-style-type: none"> <li>- Sum insured 6,000</li> <li>- Insurance premium 40</li> </ul> </li> <li>▪ Payment of insurance commissions by PIB to KAT as a general insurance agent of PIB. 6</li> </ul>	<p>500</p> <p>150,000</p> <p>130</p> <p>78</p> <p>300</p> <p>6,000</p> <p>40</p> <p>6</p>
(iv)	<ul style="list-style-type: none"> <li>▪ PacificMas Group</li> <li>▪ PIB</li> <li>▪ Pacific Mutual</li> <li>▪ PAM</li> <li>▪ PacificMas</li> <li>▪ PFSB</li> </ul>	OCBC Group	<p><b>Substantial Shareholder</b> - OCBC</p> <p><b>Director</b> - Mr. Wong Nang Jang</p>	<p>OCBC has a 24.97% direct and 3.18% indirect interests in PacificMas.</p> <p>Mr. Wong Nang Jang is a Director of PacificMas and OCBC. He has a direct interest of 76,432 stocks and an indirect interest of 42,743 stocks which in aggregate represents less than 0.01% equity interest in OCBC. He does not have any equity interest in PacificMas.</p>	<ul style="list-style-type: none"> <li>▪ Payment of term life insurance premiums by PacificMas Group to GELM</li> <li>▪ Provision of reinsurance<sup>(6)</sup>/ co-insurance services by PIB <sup>(1)</sup> to OACM <ul style="list-style-type: none"> <li>Inward <ul style="list-style-type: none"> <li>- Sum insured 70,000</li> <li>- Premium receivable 128</li> <li>- Commission payable 30</li> </ul> </li> <li>Outward <ul style="list-style-type: none"> <li>- Sum insured 5,000</li> <li>- Premium payable 22</li> <li>- Commission receivable 3</li> </ul> </li> </ul> </li> </ul>	<p>700</p> <p>70,000</p> <p>128</p> <p>30</p> <p>5,000</p> <p>22</p> <p>3</p>

Ref	Companies within the PacificMas Group	Transacting parties	Interested Parties	Nature of Relationship	Nature of transactions	Estimated aggregate Value from 30.6.04 to 30.6.05 (RM' 000)
(iv)	<i>(cont'd)</i>				<ul style="list-style-type: none"> <li>▪ Payment of insurance commissions by PIB to OCBC Bank (Malaysia) Berhad as a general insurance agent of PIB</li> <li>▪ Payment of commissions/fees by Pacific Mutual to OCBC Asset Management Ltd as an Institutional Unit Trust Agent/representative of Pacific Mutual in Singapore</li> <li>▪ Payment of commissions/fees by Pacific Mutual to Malaysian Nominees (Tempatan) Sdn Bhd for OCBC Bank (Malaysia) Berhad, an Institutional Unit Trust Agent of Pacific Mutual</li> <li>▪ Payment of sales incentive by Pacific Mutual to OCBC Bank (Malaysia) Berhad, an Institutional Unit Trust Agent of Pacific Mutual</li> <li>▪ Payment of fee by Pacific Mutual to GELM for the sale of unit trust</li> <li>▪ Payment of fee relating to asset management services provided by PAM to GELM and OACM</li> <li>▪ Payment of brokerage fee for purchase and sale of shares by PacificMas, PIB and PFSB to OCBC Securities Private Limited</li> </ul>	<p>20</p> <p>850</p> <p>35,000</p> <p>100</p> <p>80</p> <p>400</p> <p>150</p>

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

**Notes:-**

1. *The insurance transactions disclosed above are those that do not qualify as exempted transactions pursuant to paragraph 4.1 of Practice Note 14/2002 issued by the Bursa Malaysia.*
2. *PAM and Pacific Mutual do not have any equity interest in PacificMas, whilst MTB has 1,600 shares in PacificMas as at 24 May 2004.*
3. *PB Pacific had entered into a Memorandum of Renewal of tenancy with MTB on 4 February 2004, under which PB Pacific agreed to let and MTB agreed to rent part of Level 3 (of approximately 1,500 sq ft) of the building located at No. 10 Jalan Sultan Ismail, 50250 Kuala Lumpur ("Building") for the purpose of its business operations. The said Memorandum of Renewal is for a term of three (3) years commencing from 1 January 2004 to 31 December 2006 and the rental per month payable by MTB to PB Pacific is RM6,750.00.*

*PB Pacific had entered into a tenancy agreement on 1 November 2002 with PAM, under which PB Pacific agreed to let and PAM agreed to rent part of Level 2 (of approximately 1,539 sq ft) of the Building for the purpose of its business operations. The said agreement is for a term of three (3) years commencing from 1 October 2002 to 30 September 2005 and the rental per month payable by PAM to PB Pacific is RM6,463.80.*

4. *KAT is principally engaged in thrift and loan activities, and investment holding, and acts as an insurance agent. K.T. Niaga Sdn Bhd is principally engaged in trading in consumer products.*
5. *MNIB is principally engaged in the underwriting of general insurance risks.*
6. *Reinsurance refers to a transaction whereby an insurance company (i.e. direct insurer) cedes a portion of its risk to another insurance company ("reinsurance company"). To the direct insurer which cedes out its risk, the transaction is referred to as **reinsurance outward**, while to the reinsurance company, the transaction is referred to as **reinsurance inward**.*
7. *The aggregate values for the period from 30 June 2004 to the next AGM of the Company (which is assumed to be on 30 June 2005 for the purpose hereof) are estimated based on the past records of transactions entered into between the PacificMas Group and the related parties mentioned above as well as estimates made based on new projected sales/businesses and renewal of insurance policies, and cost recovery of group support services. In view of the nature of the RRPTs, the actual value(s) of any of the transactions may vary significantly from the estimated values disclosed above. The actual aggregated value of RRPTs entered into during a financial year in accordance with the Proposed Mandate shall be disclosed in PacificMas' Annual Report for that particular financial year.*
8. *All of the RRPTs disclosed in the table above could arise as and when the situation warrants, except for transactions involving rental of premises, group support services, asset management service, custodian/trustee services and unit trust management fees.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## 2.4 *Validity Period*

2.4.1 The Proposed Mandate, which is subject to annual renewal, if approved at the forthcoming AGM will take effect from the date of the passing of the Ordinary Resolutions thereto at the AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is earlier.

## 2.5 *Disclosure*

2.5.1 PacificMas has disclosed the breakdown of the aggregate value of RRPTs conducted during the financial year ended 31 December 2003 in its 2003 Annual Report pursuant to the disclosure requirements of Practice Note 12/2001 issued by the Bursa Malaysia, and will continue to disclose the same in the subsequent financial year during which the Proposed Mandate is in force, amongst others, based on the following information:-

- (a) the aggregate value of transactions conducted;
- (b) the type of RRPTs made; and
- (c) the names of the related parties involved in each type of the RRPTs made and their relationships with the Company.

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

3.1 The Proposed Mandate is to obtain approval from its shareholders for the RRPTs to be entered into by the Group from the date following the forthcoming AGM to the date of the next AGM of the Company to be convened. The RRPTs are necessary for the day-to-day operations of the Group and contribute to its operational sales revenue. By obtaining the Proposed Mandate and where appropriate, the renewal thereof on an annual basis, the necessity to announce or convene separate general meeting from time to time to procure shareholders' prior approval for such transactions would not arise. This would reduce substantially the administrative time and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

## 4. **EFFECTS OF THE PROPOSED MANDATE**

4.1 The RRPTs will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of PacificMas, and are not expected to have a material effect on the earnings of the PacificMas Group for the current financial year ending 31 December 2004 and its existing net tangible assets.

## 5. **REVIEW PROCEDURES**

5.1 The Board of Directors of PacificMas has established and adopted the following review procedures for RRPTs in order to ensure that all such transactions will be negotiated and agreed on an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

5.2 The review procedures are as follows:-

- (a) A list of related parties (to be constantly updated) shall be circulated to the operating divisions and companies within the Group from time to time for reference in order to ensure that they have been duly informed of such related parties.
- (b) All companies within the Group shall only enter into RRPTs after taking into account the prevailing market rates/prices of products/services rendered (including where appropriate, preferential rates and discounts accorded for bulk purchases, and rental of premises by related parties) and the usual commercial terms imposed. This is to ensure that all RRPTs are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public.
- (c) All operating divisions and companies within the Group shall review their existing operating systems to ensure that adequate features are incorporated into the systems for capturing information on related party transactions.
- (d) Adequate records shall be maintained by PacificMas in order to capture the details of all RRPTs entered into, including the breakdown of aggregate value of such transactions conducted. This is to ensure accurate and complete disclosure of the same in the Company's annual report.
- (e) Where any person(s) has an interest in the RRPTs under review, such person(s) shall abstain from any deliberation in respect of such transactions.
- (f) All RRPTs shall be tabled to the Audit Committee of the Company for review on a quarterly basis.
- (g) The annual internal audit plan (which will be reviewed by the Audit Committee) shall incorporate a review of all RRPTs entered into pursuant to the Proposed Mandate to ensure that all relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (h) The Audit Committee shall have the overall responsibility in determining the review procedures as well as the authority to sub-delegate such responsibility to individual(s) or committee(s) within the Company, as it may deem appropriate.

## 6. **STATEMENT BY THE AUDIT COMMITTEE**

6.1 The Audit Committee of PacificMas has considered the review procedures mentioned in sub-section 5.2 above and is of the view that the said procedures are adequate to ensure that all RRPTs will be carried out on an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

- 6.2 The Audit Committee may, if necessary, adopt new review and disclosure procedures and/or amend the existing procedures with the aim of ensuring that the RRPTs are carried out on an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

## 7. APPROVAL REQUIRED

- 7.1 The Proposed Mandate is subject to the approval of the shareholders of PacificMas at the forthcoming AGM.

## 8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 8.1 The interests of the Directors and/or substantial shareholders of PacificMas or any other company which is its subsidiary and/or persons connected with such Directors and/or substantial shareholders are set out in sub-section 2.3 above.
- 8.2 Mr Choi Siew Hong is deemed interested in the RRPTs set out in sub-sections 2.3.2 (i) and (ii), and have accordingly abstained and will continue to abstain from deliberating and voting at any Board meeting of PacificMas in respect of Proposed Mandate for the said RRPTs. In addition, Mr Choi Siew Hong shall also abstain from voting in respect of his direct and indirect shareholdings in PacificMas, at the forthcoming AGM of the Company for Ordinary Resolutions 2 and 3 as set out in the extract of notice of AGM in this Circular relating to the Proposed Mandate for the said RRPTs.
- 8.3 Mr. Wong Nang Jang is deemed interested in the RRPTs set out in sub-sections 2.3.2 (ii) and (iv), and have accordingly abstained and will continue to abstain from deliberating and voting at any Board meeting of PacificMas in respect of the Proposed Mandate for the said RRPTs.
- 8.4 En. Sharriffudin bin Ahmad Taff is deemed interested in the RRPTs set out in sub-section 2.3.2 (iii) by virtue of him being a nominee Director of KAT, and have accordingly abstained and will continue to abstain from deliberating and voting at any Board meeting of PacificMas in respect of the Proposed Mandate for the said RRPTs.
- 8.5 UMB is deemed interested in the RRPTs set out in sub-sections 2.3.2 (i) and (ii) and will abstain from voting in respect of its direct shareholdings in PacificMas, at the forthcoming AGM for Ordinary Resolutions 2 and 3 as set out in the extract of notice of AGM in this Circular relating to the Proposed Mandate for the said RRPTs.
- 8.6 OCBC is deemed interested in the RRPTs set out in sub-sections 2.3.2 (ii) and (iv), and will abstain from voting in respect of its direct and indirect shareholdings in PacificMas, at the forthcoming AGM for Ordinary Resolutions 3 and 5 as set out in the extract of notice of AGM in this Circular relating to the Proposed Mandate for the said RRPTs.
- 8.7 KAT is deemed interested in the RRPTs set out in sub-section 2.3.2 (iii), and will abstain from voting in respect of its direct shareholdings in PacificMas, at the forthcoming AGM for the Ordinary Resolution 4 as set out in the extract of notice of AGM in this Circular relating to the Proposed Mandate for the said RRPTs.
- 8.8 The interested Directors and/or substantial shareholders as set out in sub-sections 8.2 to 8.6 above have undertaken that they shall ensure that the persons connected to them will abstain from voting on the relevant resolution(s), where relevant, relating to the Proposed Mandate at the forthcoming AGM.

8.9 Saved as disclosed above, none of the other Directors and/or substantial shareholders of the Company or any other company which is its subsidiary and/or persons connected with such Directors and/or substantial shareholders have any interest, whether direct or indirect, in the RRPTs.

## 9. **DIRECTORS' RECOMMENDATION**

9.1 Your Directors (except for Mr. Choi Siew Hong, Mr. Wong Nang Jang and En. Sharriffudin Ahmad Taff who are deemed interested in the Proposed Mandate), having considered all aspects of the Proposed Mandate, are of the opinion that the Proposed Mandate is in the interest of the Company. Accordingly, your Directors (except for Mr. Choi Siew Hong, Mr. Wong Nang Jang and En. Sharriffudin Ahmad Taff who are deemed interested in the Proposed Mandate and have abstained from expressing any recommendation in relation to the Proposed Mandate) recommend that you vote in favour of the resolutions relating to the Proposed Mandate to be tabled at the forthcoming AGM.

## 10. **ANNUAL GENERAL MEETING**

10.1 The relevant extract of the Notice of the AGM of PacificMas to consider and if thought fit, to pass the resolutions for the Proposed Mandate is enclosed. The AGM will be held at the Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 June 2004 at 3.00 p.m.

10.2 If you are unable to attend and vote at the AGM in person, please complete, sign and return the Form of Proxy enclosed in the 2003 Annual Report of PacificMas in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the Registered Office of PacificMas at Level 18, Menara Prudential, 10 Jalan Sultan Ismail, 50250 Kuala Lumpur not later than forty eight (48) hours before the time appointed for holding the Forty-Second AGM. The completion, signing and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## 11. **FURTHER INFORMATION**

11.1 Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully,  
For and on behalf of the Board of Directors  
**PACIFICMAS BERHAD**

Tan Sri Dato' Wong Kum Choon  
Director

**FURTHER INFORMATION**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of PacificMas and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION**

Neither PacificMas nor its subsidiary companies are engaged in any material litigation, claims (other than those related to the insurance business) or arbitration either as plaintiff or defendant, and as at the date of this Circular, the Directors of PacificMas are not aware of any proceeding pending or threatened against the Company or its subsidiary companies or of any facts likely to give rise to any proceeding which may materially affect the position or business of PacificMas and its subsidiary companies.

**3. MATERIAL CONTRACTS**

Save for the following, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PacificMas and its subsidiary companies within the two (2) years preceding the date of this Circular:-

- (a) The shareholders' agreement dated 1 October 2002 entered into between PacificMas and Wiramaju Sdn Bhd for the purpose of subscribing to 1,799,998 and 200,000 ordinary shares of RM1.00 each for cash consideration of RM1.00 per share by PacificMas and Wiramaju Sdn Bhd respectively in PAM.
- (b) The shareholders' agreement dated 24 January 2003 entered into between PFSB, a wholly-owned subsidiary of PacificMas, and Spring Hill Bioventures Sdn Bhd, Khazanah Nasional Berhad, GELM and Vertex Avenue Sdn Bhd for PFSB to subscribe to 5 ordinary shares of RM1.00 each for a total cash consideration of RM5 and to 19,000,000 Class B Preference Shares of RM0.01 each to be issued at a premium of RM0.99 for a total cash consideration of RM19,000,000 in Spring Hill Bioventures Sdn Bhd.
- (c) On 11 May 2004, PacificMas entered into a conditional share sale agreement with KAT for the proposed acquisition of 27,100,000 ordinary shares representing 51.13% of the issued and paid-up share capital of MNIB ("Sale Shares") at a purchase consideration of RM46,070,000 or RM1.70 per Sale Share before due diligence adjustment (if any) to be satisfied by cash. The final purchase consideration for the Sale Shares will be reduced by the termination benefit sum, which is a sum estimated and agreed by PacificMas and KAT to be the sum payable by KAT for which MNIB is liable to pay its employees for termination of their employment pursuant to any termination exercise or voluntary separation scheme in conjunction with the acquisition of MNIB by PacificMas.

4. **DOCUMENTS FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the Registered Office of PacificMas at Level 18, Menara Prudential, 10 Jalan Sultan Ismail, 50250 Kuala Lumpur, from the date of this Circular up to and including the date of the AGM:-

- (a) Memorandum and Articles of Association of PacificMas.
- (b) The material contracts referred to in paragraph 3 above.
- (c) The audited accounts of PacificMas for the past two (2) financial years ended 31 December 2002 and 2003.

# **PACIFICMAS BERHAD**

(Company No.: 5024-T)

(Incorporated in the Federation of Malaya under the Companies Ordinances, 1940 to 1946)

## **EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the **Forty-Second Annual General Meeting** of PacificMas Berhad will be held at the Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 June 2004 at 3.00 p.m., for the purpose of considering, and if thought fit, passing the following resolutions pursuant to the agenda of the Special Business as detailed in the Company's Annual Report for the financial year ended 31 December 2003:-

### **ORDINARY RESOLUTION 2**

#### **– PROPOSED MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS INVOLVING THE INTEREST OF UNITED MALACCA BERHAD**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia, a mandate of the shareholders be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature ("RRPTs") involving the interest of United Malacca Berhad, which are necessary for the day-to-day operations of the Company and/or its subsidiary companies ("PacificMas Group"), to be entered into by the PacificMas Group in the ordinary course of business, provided that such transactions are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in sub-sections 2.3.2 (i) and (ii) of the Circular to Shareholders of PacificMas dated 7 June 2004;

**AND THAT** the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the Forty-Second AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

**AND THAT** the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all acts and things (including executing such documents as may be required) in the manner as they may deem expedient or necessary in connection with this resolution."

### **ORDINARY RESOLUTION 3**

#### **– PROPOSED MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS INVOLVING THE INTEREST OF MALAYSIAN TRUSTEES BERHAD**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia, a mandate of the shareholders be and is hereby granted to allow RRPTs involving the interest of Malaysian Trustees Berhad, which are necessary for the day-to-day operations of the PacificMas Group, to be entered into

by the PacificMas Group in the ordinary course of business, provided that such transactions are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in sub-section 2.3.2 (ii) of the Circular to Shareholders of PacificMas dated 7 June 2004;

**AND THAT** the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the Forty-Second AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,
- whichever is earlier.

**AND THAT** the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all acts and things (including executing such documents as may be required) in the manner as they may deem expedient or necessary in connection with this resolution.”

#### **ORDINARY RESOLUTION 4**

##### **– PROPOSED MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS INVOLVING THE INTEREST OF KOPERASI ANGKATAN TENTERA MALAYSIA BERHAD**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia, a mandate of the shareholders be and is hereby granted to allow RRPTs involving the interest of Koperasi Angkatan Tentera Malaysia Berhad, which are necessary for the day-to-day operations of the PacificMas Group, to be entered into by the PacificMas Group in the ordinary course of business, provided that such transactions are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in sub-section 2.3.2 (iii) of the Circular to Shareholders of PacificMas dated 7 June 2004;

**AND THAT** the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the Forty-Second AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,
- whichever is earlier.

**AND THAT** the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all acts and things (including executing such documents as may be required) in the manner as they may deem expedient or necessary in connection with this resolution."

**ORDINARY RESOLUTION 5**

**– PROPOSED MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS INVOLVING THE INTEREST OF OVERSEA-CHINESE BANKING CORPORATION LIMITED**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia, a mandate of the shareholders be and is hereby granted to allow RRPTs involving the interest of Oversea-Chinese Banking Corporation Limited, which are necessary for the day-to-day operations of the PacificMas Group, to be entered into by the PacificMas Group in the ordinary course of business, provided that such transactions are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in sub-sections 2.3.2 (ii) and (iv) of the Circular to Shareholders of PacificMas dated 7 June 2004;

**AND THAT** the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the Forty-Second AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

**AND THAT** the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all acts and things (including executing such documents as may be required) in the manner as they may deem expedient or necessary in connection with this resolution."

**BY ORDER OF THE BOARD**

PHUAH LAY CHIN (MIA 5579)  
CHONG YOK HUA (MAICSA 0861045)  
Company Secretaries

Kuala Lumpur  
7 June 2004

NOTES:

1. *The right of Foreigners (under the Central Depository System) to vote is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991 and Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996. The position of Depositors in this regard will be determined based on the General Meeting Record of Depositors. Depositors whose shares exceed the prescribed limit of 30% as at the date of the General Meeting Record of Depositors may attend the Annual General Meeting but are not entitled to vote. Consequently, a proxy appointed by a Depositor who is not entitled to vote will also not be entitled to vote at the Annual General Meeting.*
2. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company.*
3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his/her attorney duly authorised and in the case of a corporation, the instrument appointing a proxy or proxies must be under its Common Seal or under the hand of an Officer or its attorney duly authorised. An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at Level 18, Menara Prudential, 10 Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight hours before the time appointed for holding the Annual General Meeting or any adjournment thereof for the proxy to be valid.*
5. *Only Depositors registered in the General Meeting Record of Depositors on or before 4.00 p.m on 21 June 2004 shall be eligible to attend the Annual General Meeting.*