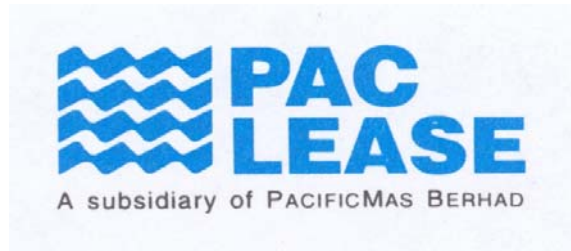


*STRICTLY PRIVATE & CONFIDENTIAL*

**INFORMATION MEMORANDUM**



**PAC LEASE BERHAD**  
(Company No. 386653-K)

**PROPOSED COMMERCIAL PAPERS/ MEDIUM TERM NOTES PROGRAMME  
UP TO RM500.0 MILLION IN NOMINAL VALUE**

**JOINT PRINCIPAL ADVISERS/ JOINT LEAD ARRANGERS/  
JOINT LEAD MANAGERS**



**AMINVESTMENT BANK BERHAD**  
(Company No. 23742-V)



**OCBC BANK (MALAYSIA) BERHAD**  
(Company No. 295400-W)

27 June 2011



17 June 2011

**AmInvestment Bank Berhad**  
Level 22, Bangunan Ambank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

Attention : Mr Seohan Soo, Director/Head, Debt Capital Markets

**OCBC Bank (Malaysia) Berhad**  
Level 13, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

Attention : Ms Tan Ai Chin, Head, Investment Banking

Dear Sirs,

**PAC LEASE BERHAD (the "Issuer")**  
**Proposed Commercial Papers/Medium Term Notes Programme up to RM500.0 Million in Nominal Value (the "CP/MTN Programme")**

---

We refer to the above matter.

We have mandated AmInvestment Bank Berhad and OCBC Bank (Malaysia) Berhad as the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers for the CP/MTN Programme.

We have studied the Information Memorandum which has been prepared based on the information provided by us.

We confirm that we are fully responsible for all statements, facts and opinions in the Information Memorandum and to the best of our knowledge and belief after having made all reasonable enquiries, the information does not contain any untrue, false or misleading statement, nor does it omit to state any fact which is material to potential participants of the CP/MTN Programme, nor does it omit any fact, the omission of which will make any statement contained therein, in the light of the circumstances under which it was made, untrue, false or misleading.

We hereby authorise and request you to distribute the Information Memorandum to financial institutions and such other investors selected by you as potential participants in the CP/MTN Programme.

Yours faithfully,  
for and on behalf of **PAC LEASE BERHAD**



**NG HON SOON**  
Director

**Pac Lease Berhad** (386653-K)

Head Office: Level 28, Menara Haw Par, Jalan Sultan Ismail, 50250 Kuala Lumpur. P.O. Box 11948, 50762 Kuala Lumpur.  
Tel: 03-2035 1000 Fax: 03-2032 3300

**THE PROPOSAL IN RELATION TO THE ISSUANCE OF THE NOTES (AS DEFINED IN THIS INFORMATION MEMORANDUM) UNDER THE CP/MTN PROGRAMME (AS DEFINED IN THIS INFORMATION MEMORANDUM) HAD BEEN APPROVED BY THE SECURITIES COMMISSION ON 20 APRIL 2011. THE APPROVAL OF THE SECURITIES COMMISSION SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE NOTES TO BE ISSUED UNDER THE CP/MTN PROGRAMME.**

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. FOR INFORMATION CONCERNING RISK FACTORS, PLEASE REFER TO SECTION 7 ON “INVESTMENT CONSIDERATIONS”.**

**IT IS RECOMMENDED THAT INVESTORS CONSULT THEIR OWN FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE NOTES.**

AmInvestment Bank Berhad (“**AmInvestment**”) and OCBC Bank (Malaysia) Berhad (“**OCBC**”) have been mandated by Pac Lease Berhad (hereinafter referred to as the “**Issuer**” or “**Pac Lease**”) to act as the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers (collectively the “**JPs/JLAs**”) in connection with the CP/MTN Programme as described in this Information Memorandum.

#### **Purpose**

The Issuer has issued this Information Memorandum, which is being provided on a confidential basis to potential investors who fall within one or more of the categories of persons specified under Schedules 6 or 7 and 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), as amended from time to time at issuance; and Schedules 6 and 9 of the CMSA thereafter, for the sole purpose of assisting potential investors to decide whether to subscribe for or purchase the Notes under the CP/MTN Programme. This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

The Issuer, having made all enquiries which are reasonable in the circumstances, confirms that to the best of its knowledge and belief: (a) this Information Memorandum, contains all information with respect to the Issuer, (b) the information and data contained in this Information Memorandum are true, accurate and not misleading in all material respects, and (c) there is no material omission of any other information and data which would make any part of this Information Memorandum incorrect or misleading.

The JPs/JLAs have not independently verified the information contained in this Information Memorandum and do not make any representation or warranty, express or implied, nor accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this Information Memorandum. The JPs/JLAs have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Notes to be issued under the CP/MTN Programme and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Issuer. The delivery of this Information Memorandum at any time does not imply that the information contained in this Information Memorandum is correct at any time subsequent to its date.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction outside Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an offer of, or an invitation to apply for the Notes, or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not a prospectus and is not intended to be a prospectus. However, a copy of this Information Memorandum will be deposited pursuant to Sections 229(4) and 230(4) of the CMSA with the

Securities Commission who takes no responsibility for its contents. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer and the JPAs/JLAs to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the JPAs/JLAs accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that: (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for, purchase or in any other way to receive the Notes under all jurisdictions to which the recipient is subject, (c) the recipient will comply with all the applicable laws in connection with such subscription, purchase or acceptance of the Notes, (d) the Issuer and all other parties involved in the preparation of this Information Memorandum and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription, purchase or acceptance of the Notes and they shall not have any responsibility or liability in the event that such subscription or acceptance of the Notes are or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Notes can only be transferred or otherwise disposed of in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Notes and is able and prepared to bear the economic and financial risks of investing in or holding the Notes and (g) it falls within one or more of the categories of persons specified under Schedules 6 or 7 and 9 of the CMSA at issuance and under Schedules 6 and 9 of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject to.

This Information Memorandum is not, and should not be construed as, a recommendation by the Issuer, the JPAs/JLAs or any other party to participate in the CP/MTN Programme. Further, neither the Issuer nor the JPAs/JLAs nor any of their respective employees or agents makes or gives or purports to make or give any representation or warranty, expressed or implied, as to the merits of the Notes, or the purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or any other person mentioned in this Information Memorandum. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Notes and all other relevant matters, including but not limited to the information and data set out in this Information Memorandum, and each recipient should consult its own professional advisers.

This Information Memorandum includes certain historical information, estimates and projections or reports thereon derived from sources prepared by the Issuer and other publicly available information with respect to the Malaysian economy and certain other matters. Such information, estimates, and projections or reports have been included solely for illustrative purposes. No representation or warranty is made by the Issuer or its advisers as to the accuracy or completeness of any information, estimate and projection or report thereon derived from such and other third party sources and nothing contained herein shall be relied upon as a promise or representation by the Issuer or its advisers as to the past or the future.

All statements contained in this Information Memorandum that are not statements of historical facts constitute 'forward-looking statements'. These statements include, among other things, discussion of the Issuer and business strategy and expectation concerning its position in the Malaysian economy, future operations, profitability, liquidity, capital resources, financial position and settlement of indebtedness. All these statements are based on estimates and assumptions made by the Issuer that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates, and no assurance is given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Information Memorandum is not a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

All discrepancies in the tables included in this Information Memorandum between the amounts stated therein and totals thereof are due to rounding, and certain numbers appearing in this Information Memorandum are shown after rounding.

STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION

The issue, offer or invitation in relation to the Notes in this Information Memorandum are subject to the fulfillment of various conditions precedent including without limitation the approval from the Securities Commission which was obtained on 20 April 2011 and each recipient of this Information Memorandum acknowledges and agrees that such approval of the Securities Commission shall not be taken to indicate that the Securities Commission recommends the subscription or purchase of the Notes.

**THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUER AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS INFORMATION MEMORANDUM.**

#### DOCUMENTS INCORPORATED BY REFERENCE

All supplements or amendments to this Information Memorandum circulated by the Issuer from time to time (if any), published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of this Information Memorandum, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

#### CONFIDENTIALITY

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

In the event that there is any contravention of the confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

The recipient must return this Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the JPAs/JLAs promptly upon the JPAs/JLAs request, unless that recipient provides proof of a written undertaking satisfactory to the JPAs/JLAs with respect to destroying these documents as soon as reasonably practicable after the said request from the JPAs/JLAs.

*- The remainder of this section is intentionally left blank -*

GLOSSARY OF DEFINITIONS & ABBREVIATIONS
---

The following definitions and abbreviations shall apply throughout this Information Memorandum unless the context otherwise requires.

“Affin Bank”	:	Affin Bank Berhad.
“AmBank”	:	AmBank (M) Berhad.
“AmInvestment”	:	AmInvestment Bank Berhad.
“BNM”	:	Bank Negara Malaysia.
“Bangkok Bank”	:	Bangkok Bank Berhad.
“Board of Directors” or “Directors”	:	Board of Directors of Pac Lease.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad.
“Business Day”	:	Any day (excluding Saturdays, Sundays and public holidays) on which financial institutions in Kuala Lumpur are generally open for business.
“Cagamas”	:	Cagamas Berhad.
“CMSA”	:	Capital Markets and Services Act 2007.
“Collection Guidelines and Policies”	:	Collection guidelines and policies issued by Pac Lease.
“CPs”	:	The commercial papers, represented by the global certificate(s), to be issued by the Issuer in accordance with the Programme Agreement, as further described in this Information Memorandum.
“CP/MTN Programme”	:	The Commercial Papers and Medium Term Notes Programme of up to the aggregate nominal value of RM500.0 million, with a tenor of 7 years beginning from the first issuance of the Notes, as described in this Information Memorandum.
“Depository Agent/Paying Agent”	:	BNM.
“EON Bank”	:	EON Bank Berhad.
“Existing CP/MTN Programme”	:	The agreement made between (i) the Issuer, (ii) OCBC as the lead arranger and (iii) OCBC as the facility agent in relation to the RM200.0 million nominal value of commercial papers and/or medium term notes, as further described in Section 3.4(g) of this Information Memorandum.
“Facility Agent”	:	OCBC.
“FAST”	:	Fully Automated System for Issuing/Tendering.
“FYE”	:	Financial year ended/ending 31 December.
“GELM”	:	Great Eastern Life Assurance (Malaysia) Berhad.
“Gearing Ratio”	:	Total borrowings / Shareholder's funds.

“Guidelines on Credit Exposures and Exposures with Connected Persons”	:	Guidelines on Credit Exposures and Exposures with Connected Persons issued by BNM, as the same may from time to time be modified or amended.
“Gross Receivables”	:	Total loans and receivables less unearned interest, prepaid rentals/installments and interest-in-suspense.
“Haw Par Land”	:	Haw Par Land (Malaysia) Sdn Bhd
“Impaired Loans”	:	Non-performing loans.
“Information Memorandum”	:	This information memorandum.
“Insurance Agent Agreement”	:	The agreement dated 27 November 2000, executed between PIB and Pac Lease, wherein Pac Lease had been appointed as an insurance agent of PIB.
“Issue Documents”	:	The Programme Agreement, the Tender Panel Agreement, the Trust Deed and the Notes (as the same or any of them may from time to time be modified or amended) and where the context otherwise requires or so admits, references to the Issue Documents shall be construed as references to any of them.
“JPAs/JLAs”	:	Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers who are independently referred to as AmInvestment and OCBC.
“KATM”	:	Koperasi Angkatan Tentera Malaysia Berhad.
“Lending Guidelines and Policies”	:	Lending guidelines and policies issued by Pac Lease.
“Lonpac”	:	Lonpac Insurance Berhad.
“Master Sale and Purchase Agreement”	:	The agreement dated 13 October 2008 between Pac Lease and Cagamas in relation to the Cagamas Facility, as further described in Section 3.4(h) of this Information Memorandum.
“Maybank”	:	Malayan Banking Berhad.
“Mayban Trustees”	:	Mayban Trustees Berhad.
“MTNs”	:	The medium term notes, represented by the global certificate(s), to be issued by the Issuer in accordance with the Programme Agreement, as further described in this Information Memorandum.
“MyClear”	:	Malaysian Electronic Clearing Corporation Sdn Bhd.
“Notes”	:	Collectively, the CPs and MTNs to be issued under the CP/MTN Programme.
“Notes Issuance Facility Agreement”	:	The agreement made between (i) Issuer, (ii) OCBC as the lead arranger and (iii) OCBC as the facility agent in relation to the Existing CP/MTN Programme on 26 January 2005, as further described in Section 3.4 (g) of this Information Memorandum.
“OCBC”	:	OCBC Bank (Malaysia) Berhad.
“OCBC Ltd”	:	Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

“OPSS”	:	Operational Procedures for Securities Services issued by MyClear and dated 17 February 2011, as amended and substituted from time to time.
“PacificMas”	:	PacificMas Berhad, the holding company of the Issuer.
“Pac Lease” or “the Issuer” or “the Company”	:	Pac Lease Berhad.
“PB Pacific”	:	P.B. Pacific Sdn Bhd, a wholly-owned subsidiary of PacificMas.
“PDS Guidelines”	:	The Guidelines on the Offering of Private Debt Securities issued by the Securities Commission, and as the same may be modified or revised from time to time.
“PIB”	:	The Pacific Insurance Berhad.
“Programme Agreement”	:	The agreement made or to be made between (i) the Issuer, (ii) the JPAs/JLAs and (iii) the Facility Agent in relation to the CP/MTN Programme, as the same may from time to time be modified or amended.
“Programme Amount”	:	The aggregate nominal value of the Notes outstanding which shall not at any point in time exceed RM500.0 million as described in this Information Memorandum.
“Programme Tenor”	:	The CP/MTN Programme shall be for a period of seven (7) years from the date of first issuance of the Notes under the CP/MTN Programme, which shall be made within two (2) years from the date of the SC’s approval or such other later date as may be approved by SC.
“Public Bank”	:	Public Bank Berhad.
“RAM”	:	RAM Rating Services Berhad.
“SC”	:	Securities Commission of Malaysia.
“Services”	:	Collectively, the (i) human resource and training services, (ii) secretarial services, (iii) administrative and property services, (iv) information and communication technology services, (v) internal audit services and (vi) such other services as Pac Lease and PacificMas may agree from time to time, provided by PacificMas to Pac Lease pursuant to the Services Agreement.
“Services Agreement”	:	The services agreement dated 3 November 2008, executed between PacificMas and Pac Lease.
“SMIs”	:	Small and Medium Industries.
“Solicitors”	:	Messrs. Adnan Sundra & Low.
“Tender Panel Agreement”	:	The tender panel agreement made or to be made between (i) the Facility Agent and (ii) the TPMs, as the same may from time to time be modified or amended.
“TPMs”	:	Tender panel members that comprise financial institutions and investors, selected by the Facility Agent from time to time, falling within any one of the categories specified in Schedules 6 or 7 and 9 of the



CMSA.

“Trust Deed”	:	The trust deed made or to be made between (i) the Issuer and (ii) the Trustee and constituting the Notes, as the same may from time to time be modified or amended.
“Trustee”	:	AmTrustee Berhad.
“Trustee Guidelines”	:	Guidelines on Allowing a Person to be Appointed or to Act as Trustee issued by the SC, as the same may from time to time be modified or amended.
“Underwriters”	:	In the event of underwriting (either partial or full) is required under the CP/MTN Programme, the CPs shall be underwritten by a consortium of eligible financial institutions, to be arranged by the JPAs/JLAs on a best efforts basis.

*- The remainder of this section is intentionally left blank -*

TABLE OF CONTENTS		PAGE NO.
SECTION 1 : EXECUTIVE SUMMARY		1
1.1	Introduction .....	1
1.1.1	The Issuer .....	1
1.1.2	The Holding Company .....	1
1.2	Summary of Financial Information .....	1
1.3	Brief Description of the CP/MTN Programme .....	2
1.3.1	Introduction .....	2
1.3.2	Utilization of Proceeds .....	2
1.4	Approval Required .....	3
1.5	Rating .....	3
1.6	Trustee .....	3
SECTION 2 : PRINCIPAL TERMS AND CONDITIONS OF THE CP/MTN PROGRAMME		4
SECTION 3 : INFORMATION ON THE ISSUER		15
3.1	Background of the Issuer .....	15
3.1.1	Date and Place of Incorporation .....	15
3.1.2	Company Registration Number .....	15
3.1.3	Principal Activities .....	15
3.1.4	Share Capital Structure .....	15
3.1.5	Shareholder .....	15
3.1.6	Shareholding Structure .....	16
3.2	List and Profile of the Board of Directors .....	16
3.2.1	List of Directors .....	16
3.2.2	Directors' Profiles .....	16
3.3	List and Profile of the Senior Management Team .....	18
3.3.1	List of the Senior Management Team .....	18
3.3.2	Senior Management Team's Profile .....	18
3.4	List of Bank Borrowings .....	20
SECTION 4 : OTHER GENERAL INFORMATION		22
4.1	Capital Commitments .....	22
4.2	Contingent Liabilities .....	22
4.3	Material Contracts Outside the Ordinary Course of Business .....	22
4.4	Insurance .....	23
4.5	Material Litigation .....	23
4.6	Related Party Transactions .....	24
4.7	Potential Conflict of Interest Situations and Appropriate Mitigating Measures .....	24
4.8	Documents Available for Inspection .....	26
SECTION 5 : INFORMATION ON THE HOLDING COMPANY		27
5.1	Background of the Holding Company .....	27
5.1.1	Date and Place of Incorporation .....	27
5.1.2	Company Registration Number .....	27
5.1.3	History and Principal Activities .....	27
5.1.4	Listing Status .....	27
5.1.5	Share Capital Structure .....	27
5.1.6	Twenty (20) Largest Securities Accounts Holders .....	28
5.2	List and Profile of the Board of Directors .....	29
5.2.1	List of Directors .....	29
5.2.2	Directors' Profiles .....	29
5.3	List of Senior Management Team .....	32
5.4	Subsidiary/Associated Companies .....	33
5.5	List of Bank Borrowings .....	33
5.6	Recent Proposed Corporate Exercise .....	33
5.7	Highlights of Historical Financial Information .....	34

SECTION 6 : INFORMATION ON THE BUSINESS OF THE ISSUER	35
6.1 Core Business Description .....	35
6.2 Business Overview .....	35
6.2.1 Underwriting/Credit Policy .....	35
6.2.2 Composition of Receivables .....	35
6.2.3 Asset Quality and Provisioning Policy .....	36
6.2.4 Collection Policy .....	36
6.3 Financial Overview .....	37
6.3.1 Financial Performance .....	37
6.3.2 Capital Injections .....	37
6.3.3 Gearing Level .....	37
SECTION 7 : INVESTMENT CONSIDERATIONS	38
7.1 Considerations Relating to the CP/MTN Programme .....	38
7.1.1 No prior market for the Notes .....	38
7.1.2 Ratings .....	38
7.1.3 Ability of the Issuer to meet its obligations under the CP/MTN Programme .....	38
7.2 Considerations Relating to the Business of the Issuer .....	39
7.2.1 Competition .....	39
7.2.2 Asset Quality .....	39
7.2.3 Receivables Portfolio .....	40
7.2.4 Foreign Currency Exchange Risks .....	40
7.3 Considerations Relating to Dependence on Directors and Senior Management .....	40
7.4 Considerations Relating to the Holding Company .....	40
7.5 Considerations Relating to Sensitivity of Economic, Political and Changes in Governmental Policies .....	40
7.6 Considerations Relating to Liquidity and Interest Rate Risk .....	41
7.7 Considerations Relating to Forward Looking Statements .....	41
SECTION 8 : OVERVIEW OF THE MALAYSIAN ECONOMY	42
8.1 The Malaysian Economy in 2010 .....	42
8.2 Outlook for the Malaysian Economy in 2011 .....	42
8.3 Overview of the Services Sector .....	43
APPENDICES	
APPENDIX I : AUDITED ACCOUNTS OF THE ISSUER FOR FYE 2008, 2009 & 2010.	
APPENDIX II : RATING REPORT.	

## SECTION 1 : EXECUTIVE SUMMARY

*This Information Memorandum is furnished to investors for the purpose of enabling a prospective investor to consider the purchase of the Notes under the CP/MTN Programme. However, prospective investors should determine for themselves the relevance of the information contained in this Information Memorandum and their intention to purchase any of the Notes should be based upon such investigation and assessment they themselves deem necessary.*

*The following summary is qualified in its entirety by the more detailed information, financial information and financial statements and notes appearing elsewhere in this Information Memorandum. For a discussion of certain matters that should be considered in evaluating an investment in the Notes, see Section 7 (Investment Considerations) in this Information Memorandum.*

### 1.1 Introduction

#### 1.1.1 The Issuer

Pac Lease was incorporated as a private limited company limited by shares in Kuala Lumpur, Malaysia on 9 May 1996. The Company's status was converted to a public limited company pursuant to Section 26 of the Companies Act, 1965 on 6 June 2011. Its principal activities are hire purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products and services. Pac Lease is a wholly-owned subsidiary of PacificMas, a company listed on the Main Board of Bursa Securities. The Board of Directors of Pac Lease consists of Mr. Chew Sun Teong (Chairman), Dr. Raja Lope Bin Raja Shahrome, Mr Wong Ah Wah and Mr. Ng Hon Soon.

*(Refer to Section 3 of this Information Memorandum for further details in relation to the Issuer).*

#### 1.1.2 The Holding Company

PacificMas was incorporated as a public company on 30 May 1963 in the Federation of Malaya under the Companies Ordinances 1940 to 1946, under the name of The Pacific Bank Limited. It subsequently changed its name to The Pacific Bank Berhad on 15 April 1966 and assumed its present name on 5 January 2001 following the sale of its banking business to Maybank. The principal activities of PacificMas are investment holding and provision of management services to companies within its group. Its subsidiaries are principally involved in hire purchase, leasing, factoring and other financing services as well as distribution or marketing of financial products and services, management of unit trust funds and private investment mandates, property investment and management and investment holding.

*(Refer to Section 5 of this Information Memorandum for further details in relation to PacificMas).*

### 1.2 Summary of Financial Information

Set out below is a snap-shot of Pac Lease's key financial data for the last five (5) financial years.

<b>Consolidated</b>	<b>FYE2006 (RM'000)</b>	<b>FYE2007 (RM'000)</b>	<b>FYE2008 (RM'000)</b>	<b>FYE2009 (RM'000)</b>	<b>FYE2010 (RM'000)</b>
<b>Revenue</b>	19,999	22,342	23,046	24,861	39,412
<i>Revenue Growth (%)</i>	<i>11.5</i>	<i>11.7</i>	<i>3.2</i>	<i>7.9</i>	<i>58.5</i>
<b>Profit before tax (PBT)</b>	8,604	8,801	8,151	7,100	14,424
<i>PBT Growth (%)</i>	<i>3.0</i>	<i>2.3</i>	<i>-7.4</i>	<i>-12.9</i>	<i>103.2</i>
<i>PBT margin (%)</i>	<i>43.0</i>	<i>39.4</i>	<i>35.4</i>	<i>28.6</i>	<i>36.6</i>

<b>Net profit for the year</b>	6,126	6,349	5,966	5,247	10,740
<i>Net profit margin (%)</i>	30.6	28.4	25.9	21.1	27.3
<b>Paid-up capital</b>	45,000	45,000	45,000	80,000	115,000
<b>Shareholders' funds</b>	59,394	59,732	63,441	101,123	146,863
<b>Gross receivables</b>	243,559	268,037	263,397	358,634	553,859
<b>Total borrowings</b>	183,749	210,129	192,889	273,109	434,165
<i>Gearing Ratio (times)</i>	3.09	3.52	3.04	2.70	2.96

### 1.3 Brief Description of the CP/MTN Programme

#### 1.3.1 Introduction

Under the CP/MTN Programme, the Issuer is able to issue up to RM500.0 million in nominal value of Notes. The CP/MTN Programme shall have a tenor of seven (7) years from the first issue date of the Notes under the CP/MTN Programme, which shall be made within two (2) years from the date of the SC's approval or at such other dates as may be approved by the SC. During the tenor of the CP/MTN Programme, Pac Lease may issue MTNs with a tenor of more than one (1) year and up to seven (7) years and/or CPs with tenor of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, provided that the CPs and/or the MTNs mature prior to the expiry of the CP/MTN Programme.

The Notes will not be listed on Bursa Securities or on any other stock exchange and the CPs may be issued on an underwritten basis.

The CPs will be issued at a discount via competitive tender by the TPMs or private placement or bought deal on a best efforts basis without prospectus. The MTNs will be issued at par or at discount, via book building, private placement or bought deal arrangement on a best efforts basis, without prospectus. The terms and conditions of the CP/MTN Programme are set out in Section 2 of this Information Memorandum.

#### 1.3.2 Utilisation of Proceeds

The proceeds from the issuance of the Notes shall be utilised by Pac Lease for the following purposes:

<b>No.</b>	<b>Details on utilisation <sup>(1)</sup></b>	<b>Amount (Up to RM)</b>
(i)	to refinance the outstanding CPs and/or MTNs under Pac Lease's Existing CP/MTN Programme <sup>(2)</sup>	200,000,000
(ii)	to pay/defray upfront fees and expenses in relation to the CP/MTN Programme.	717,000
(iii)	to finance Pac Lease's general working capital requirements which shall include refinancing of its existing bank borrowings other than the Existing CP/MTN Programme and to refinance maturing CPs and/or MTNs.	Programme Amount

Note:

- (1) In the event the amounts specified in items (i) and (ii) are not utilised in full for the purposes mentioned therein, the remaining amounts may be utilised by the Issuer for the purpose as mentioned in item (iii).

\*Note:

Upon redemption/repayment of any of the CPs and/or MTNs issued during the Programme Tenor for any of the purposes set out in items (i) and (ii) mentioned above, the Issuer is allowed to re-issue such CPs and/or MTNs up to the Programme Amount for any or all of the purposes set out in item (iii), provided an event of default has not occurred and is continuing, and the outstanding amount of the CPs and/or MTNs shall not at any one time exceed the Programme Amount and that the maturity date of such issue shall not extend beyond the last day of the Programme Tenor.

- (2) Pac Lease's Existing CP/MTN Programme was established in 2005 to part-finance Pac Lease's general funding requirements. The Existing CP/MTN Programme has a short-term rating of P1 for the CPs and a long-term rating of A2 for the MTNs.

#### **1.4 Approval Required**

The CP/MTN Programme has been approved by the SC via its letter dated 20 April 2011 pursuant to section 212 of the CMSA.

#### **1.5 Rating**

The Notes have been assigned by RAM Ratings, (i) in respect of the CPs, a final rating of P1; and (ii) in respect of the MTNs, a final rating of A2.

#### **1.6 Trustee**

The Trustee for the Notes is AmTrustee Berhad.

SECTION 2 : PRINCIPAL TERMS AND CONDITIONS OF THE CP/MTN PROGRAMME
--

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 2.0.

### Principal Terms and Conditions of the Proposal

#### BACKGROUND INFORMATION

##### (a) Issuer

- (i) **Name** : Pac Lease Berhad (“**Issuer**” or “**Pac Lease**”)
- (ii) **Address** : Registered:  
Level 19, Menara Prudential  
No. 10, Jalan Sultan Ismail  
50250 Kuala Lumpur  
  
Business:  
Level 28, Menara Haw Par  
Jalan Sultan Ismail  
50250 Kuala Lumpur
- (iii) **Business Registration No.** : 386653-K
- (iv) **Date/Place of Incorporation** : 9 May 1996 / Malaysia
- (v) **Date of Listing (in case of a public listed company)** : Not applicable
- (vi) **Status** :
  - **resident / non-resident controlled company** : Non-resident controlled company
  - **Bumiputera / non-Bumiputera controlled company** : Non-Bumiputera controlled company
- (vii) **Principal Activities** : To carry on the business of hire purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products and services.
- (viii) **Board of Directors** : Board of Directors as at 28 February 2011 :
  - (1) Chew Sun Teong;
  - (2) Dr Raja Lope Bin Raja Shahrome;
  - (3) Wong Ah Wah; and
  - (4) Ng Hon Soon.

- (ix) **Structure of shareholdings and names of shareholders** : The structure of the shareholdings as at 28 February 2011 is as follows:

Shareholder	Percentage Holding
PacificMas Berhad (5024-T)	100%

- (x) **Authorised and paid up capital** : **Authorised Share Capital** as at 28 February 2011  
RM250,000,000 comprising 250,000,000 ordinary shares of RM1.00 each  
**Issued and Fully Paid-up Share Capital** as at 28 February 2011  
RM115,000,000 comprising 115,000,000 ordinary shares at RM1.00 each

## PRINCIPAL TERMS AND CONDITIONS

### (a) Names of the parties involved in the proposed transaction (where applicable)

- (i) **Principal Adviser(s)/Lead Arranger(s)** : AmInvestment Bank Berhad (“**AmInvestment Bank**”) (Company No. 23742-V) and OCBC Bank (Malaysia) Berhad (“**OCBC**”) (Company No. 295400-W) (both as Joint Principal Advisers/Joint Lead Arrangers (“**JPs/JLAs**”))
- (ii) **Arranger(s)** : Not applicable
- (iii) **Valuers** : Not applicable
- (iv) **Solicitors** : Messrs. Adnan Sundra & Low
- (v) **Financial Adviser** : Not applicable
- (vi) **Technical Adviser** : Not applicable
- (vii) **Guarantor** : Not applicable
- (viii) **Trustee** : AmTrustee Berhad (Company No. 163032-V)
- (ix) **Facility Agent** : OCBC
- (x) **Primary Subscriber(s) and amount subscribed (where applicable)** : The Primary Subscriber(s) (if any) shall be determined prior to each issuance of the relevant CPs/MTNs if issued on a bought deal basis.
- (xi) **Underwriter(s) and amount underwritten** : CPs  
The CPs may be underwritten if the Issuer and the Joint Lead Arrangers mutually agree based on terms and conditions to be determined, including the underwritten rate and the underwriting fees.

In the event underwriting (either partial or full) is required, the CPs shall be underwritten by a consortium of eligible financial institutions (“**Underwriters**”) to be arranged by the Joint Lead Arrangers on a best efforts basis.

In such event, the Underwriters severally commit themselves to purchase the CPs not taken up by the tender panel members (“**TPMs**”) at the underwritten rate, pro-rated to their underwriting commitments. With respect to each issue, the underwriting commitment in respect of each Underwriter shall be reduced by the nominal value of the CPs subscribed by that particular Underwriter, in its capacity as a TPM.



MTNs

The MTNs will not be underwritten.

- (xii) **Central Depository** : Bank Negara Malaysia (“**BNM**”)
- (xiii) **Paying Agent** : BNM
- (xiv) **Reporting Accountant** : Not applicable
- (xv) **Others (please specify)** :
- Joint Lead Managers : AmInvestment Bank and OCBC.
  - Lead Coordinator : OCBC.
  - TPM for CPs : Persons falling within any of the following categories of persons:-  
At Issuance
    - a. Schedule 6; or
    - b. Schedule 7; and
    - c. Schedule 9, of the Capital Markets and Services Act 2007 (“**CMSA**”).
- (b) **Facility description** : A commercial papers (“**CPs**”) and medium term notes (“**MTNs**”) (collectively known as “**Notes**”) issuance programme of up to RM500.0 million in nominal value (“**CP/MTN Programme**”).
- (c) **Issue size** : The aggregate nominal value of the Notes outstanding shall not at any point in time exceed RM500.0 million (“**Programme Amount**”).
- (d) **Issue price** : CPs  
To be issued at a discount and the issue price is calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) dated 17 February 2011, as amended and substituted from time to time (“**MyClear OPSS**”).
- MTNs  
To be issued at par or at discount and the issue price is calculated in accordance with the MyClear OPSS.
- (e) **Tenor of the facility/issue** : Tenor of the Facility  
The CP/MTN Programme shall be for a period of seven (7) years from the date of first issuance of the Notes under the CP/MTN Programme (“**Programme Tenor**”), which shall be made within two (2) years from the date of the Securities Commission’s (“**SC**”) approval or such other later date as may be approved by the SC.
- Tenor of Issue
- CPs  
The tenor shall be one (1), two (2), three (3), six (6), nine (9) or twelve (12) months as may be selected by Pac Lease, provided that the CPs mature prior to the expiry of the CP/MTN Programme.

MTNs

The tenor shall be more than one (1) year and up to seven (7) years as may be selected by Pac Lease, provided that the MTNs mature prior to the expiry of the CP/MTN Programme.

- (f) **Interest/coupon (%) (please specify)** : CPs  
Not applicable as the CPs will be issued at a discount.

MTNs

To be determined at the point of issuance of the relevant MTNs.

- (g) **Interest/coupon payment frequency** : CPs  
Not applicable as the CPs will be issued at a discount.

MTNs

Semi-annually or such other period as the Issuer and the Facility Agent may agree at the point of issuance of the relevant MTNs.

- (h) **Interest/coupon payment basis** : CPs  
Not applicable as the CPs will be issued at a discount.

MTNs

Actual number of days elapsed and a year of 365 days (actual/365 days).

- (i) **Yield to maturity (%)** : To be determined at the point of issuance of the respective CPs/MTNs.

- (j) **Security/collateral (if any)** : Clean

- (k) **Details on utilisation of proceeds** : The proceeds from the issuance of the Notes shall be utilised for the following purposes:

No	Details on utilisation <sup>1</sup>	Amount (Up to RM)
(i)	to refinance the outstanding CPs and/or MTNs under Pac Lease's existing RM200 million Commercial Papers/Medium Term Notes Programme ("Existing CP/MTN Programme").	200,000,000
(ii)	To pay/defray upfront fees and expenses in relation to the CP/MTN Programme.	717,000
(iii)	To finance the Issuer's general working capital requirements which shall include refinancing of its existing bank borrowings other than the Existing CP/MTN Programme and to refinance maturing CPs and/or MTNs.	Programme Amount*

Note:

- (1) In the event the amounts specified in items (i) and (ii) are not utilised in full for the purposes mentioned therein, the remaining amounts may be utilised by the Issuer for the purpose as mentioned in item (iii).

\*Note:

Upon redemption/repayment of any of the CPs and/or MTNs issued during the Programme Tenor for any of the purposes set out in items (i) and (ii) mentioned above, the Issuer is allowed to re-issue such CPs and/or MTNs up to the Programme Amount for any or all of the purposes set out in item (iii), provided an event of default has not occurred and is continuing, and the outstanding amount of the CPs and/or MTNs shall not at any one time exceed the Programme Amount and that the maturity date of such issue shall not extend beyond the last day of the Programme Tenor.

- (2) Pac Lease's Existing CP/MTN Programme was established in 2005 to part-finance Pac Lease's general funding requirements. The Existing CP/MTN Programme has a short-term rating of P1 for the CPs and a long-term rating of A2 for the MTNs.

(l) **Sinking fund (if any)** : Not applicable

(m) **Rating** : Credit rating(s) assigned  
The CP/MTN Programme has been accorded a final short term rating of P1 for the CPs and a final long term rating of A2 for the MTNs.

Name of Rating Agency

RAM Ratings Services Berhad ("**RAM**").

(n) **Form and denomination** : Form  
The Notes will be in bearer form. Each issue of the Notes shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain events) in accordance with MyClear OPSS and/or any other procedures or guidelines issued by the relevant authorities. The Notes shall be traded under the Real Time Electronic Transfer of Funds and Securities ("**RENTAS**") maintained by MyClear in accordance with the Operational Procedures for RENTAS issued by MyClear.

The global certificate shall be deposited with BNM.

Denomination

Issuance of the Notes under the CP/MTN Programme shall be in accordance with the MyClear OPSS, subject to such exemptions (if any) granted from time to time. The Notes will be issued in multiples of RM1,000,000, but subject to the MyClear OPSS and other standard conditions including, without limitation, the following:

- (i) a minimum size of RM5,000,000 for each issue; and
- (ii) the issue notice shall be given to the Facility Agent at least six (6) business days prior to and excluding the date of proposed issue.

(o) **Mode of issue** : CPs  
The CPs will be issued via competitive tender by the TPMs under Fully Automated System for Issuing/Tendering ("**FAST**") or private placement or bought deal on a best effort basis without prospectus.

MTNs

The MTNs will be issued via book building or private placement or bought deal arrangement on a best efforts basis without prospectus.

(p) **Selling restrictions** : The Notes may not be offered or sold, directly or indirectly, nor any document or other material in connection therewith be distributed in Malaysia or anywhere else, other than to persons falling within any of the following categories of persons :-

At Issuance

- a. Schedule 6; or
- b. Schedule 7; and
- c. Schedule 9, of the CMSA.

After the issuance

- a. Schedule 6; and
- b. Schedule 9, of the CMSA.

(q) **Listing status** : The Notes will not be listed on the Bursa Securities or on any other stock exchange.

(r) **Minimum level of subscription (RM or %)** : The minimum level of subscription for each issue that is not issued on a private placement or on a bought deal basis or underwritten under the CP/MTN Programme (which shall be fully subscribed) shall be 5% of the size of a particular issue or a minimum of RM5.0 million, whichever is higher.

In the event any issue is undersubscribed and cannot meet the minimum level of subscription, the same shall be aborted and where applicable, any consideration received for the purpose of subscription must be immediately returned to the respective investors.

(s) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : None

(t) **Conditions precedent** : Conditions precedent typical and customary for CP/MTN Programme of this nature which shall include but not limited to the following (which may be waived at the discretion of the JPAs/JLAs) and receipt by the JPAs/JLAs of the following documents or evidence (all in form and substance acceptable to the JPAs/JLAs):-

**(i) Main Documentation**

(a) Satisfactory completion and execution of all legal documentation, including but not limited to the Transaction Documents and any other necessary documents and stamped or duly endorsed as exempted from stamp duty.

**(ii) Issuer**

- (a) Certified true copies of the Certificate of Incorporation, Memorandum and Articles of Association, latest Forms 24, 44 and 49 of the Issuer;
- (b) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the Transaction Documents;
- (c) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (d) A report of the relevant company search of the Issuer; and
- (e) A report of the relevant winding-up search or the relevant statutory declaration of the Issuer.

**(iii) General**

- (a) The approval from the SC in respect of the CP/MTN Programme and the

compliance with all conditions of such approval, where applicable;

- (b) Evidence of the confirmation from RAM that the CPs and MTNs have been assigned ratings of at least P1 and A2 respectively;
- (c) Receipt of satisfactory legal opinion from the Solicitors, to be addressed to the JPAs/JLAs, advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and confirmation that all conditions precedent have been duly fulfilled or waived; and
- (d) Any other conditions as may be advised by the Solicitors.

**(u) Representations and warranties**

: Representations and warranties typical and customary for CP/MTN Programme of this nature which shall include but not limited to the following:-

- (a) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia, has full power and authority to own assets and to carry on its business;
- (b) The Issuer has the power to enter into, exercise its rights and perform its obligations under the respective Transaction Documents;
- (c) All necessary actions, authorisations and consents required under the respective Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (d) The Transaction Documents constitute valid, binding and enforceable obligations of the Issuer in accordance with their respective terms;
- (e) The Issuer's entry into, exercise of its rights under and performance of its obligations under the respective Transaction Documents do not and will not violate any existing law or agreements to which it is a party;
- (f) No event of default has occurred and there is no encumbrance on the assets of the Issuer other than those permitted under Permitted Encumbrances (as defined below);
- (g) There is no litigation or arbitration that will materially and adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party;
- (h) The audited financial statements of the Issuer of each of its financial year have been prepared on a basis consistently applied in accordance with the approved accounting standards in Malaysia and give a true and fair view of the results of its operations for that year and the state of its affairs at that date;
- (i) The Issuer is in compliance and will comply with any applicable laws and regulations; and
- (j) Such other representations and warranties as may be advised by the Solicitors.

**(v) Events of Default**

: Events of Default typical and customary for CP/MTN Programme of this nature which shall include but not limited to the following:-

- (a) Any default in payment of any principal, interest or such other amount under the Notes;

- (b) A winding-up order has been made against Pac Lease or a resolution to wind up Pac Lease has been passed;
- (c) A scheme of arrangement under section 176 of the Companies Act 1965 has been instituted against Pac Lease;
- (d) A receiver has been appointed over the whole or a substantial part of the assets of Pac Lease;
- (e) A breach by Pac Lease of any term or condition in the Notes or provision of the trust deed or any other document relating to the issue, offer or invitation in respect of the Notes;
- (f) Any other indebtedness of Pac Lease becomes due and payable prior to its stated maturity by reason of a declaration of a default or event of default, however described, or where the security created for any other indebtedness becomes enforceable;
- (g) A revocation, withholding or modification of a license, authorisation or approval that impairs or prejudices Pac Lease's ability to comply with the terms and conditions of the Notes or the provisions of the trust deed or any other document relating to the issue, offer or invitation in respect of the Notes;
- (h) Any other events which may be advised by the Solicitors.

**(w) Principal terms and conditions for warrants (where applicable)**

: Not applicable

**(x) Other principal terms and conditions for the issue**

:

**(a) Covenants**

: The Issuer shall provide covenants which are typical and customary for CP/MTN Programme of this nature which shall include but not limited to the following:-

**(i) Positive Covenants**

- (a) Pac Lease shall perform all material obligations under the Transaction Documents;
- (b) Pac Lease shall maintain an accounting system and keep adequate records in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia;
- (c) Pac Lease shall comply with all applicable and relevant laws and regulations with regards to the CP/MTN Programme;
- (d) Pac Lease will exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others that all necessary approvals or relevant licenses are obtained;
- (e) Pac Lease shall notify the Trustee immediately of:-
  - (i) Any circumstances that has occurred that would materially prejudice the Issuer and any other matter that may materially prejudice the interests of the holders of the Notes;
  - (ii) Any claims against it which could have material adverse effect upon the ability of the Issuer to perform its obligations under the

Transaction Documents to which it is a party and shall defend itself against such claims

- (iii) Any change in the withholding tax position or taxing jurisdiction of the Issuer insofar as it affects the payment obligations of the Issuer under the Trust Deed;
  - (iv) Any change in the utilisation of proceeds from the Notes where the information memorandum or any agreement entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to be utilised;
  - (v) Any substantial change in the nature of the business of the Issuer; and
  - (vi) Any Event of Default or any right or remedy under the terms of the Notes or the Trust Deed shall have become immediately enforceable;
- (f) Pac Lease shall maintain and keep proper books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia and provide the Trustee and any person appointed by it e.g. auditors access to such books and accounts to the extent permitted by law;
- (g) Pac Lease shall maintain a paying agent in Malaysia and procure that paying agent to notify the Trustee in the event the paying agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents; and
- (h) Such other covenants as may be advised by the Solicitors.

**(ii) Negative Covenants**

- (a) Save for Permitted Encumbrances, Pac Lease shall not create or permit to arise or exist any security interest over all or any part of its present or future assets or revenues to secure for the benefit of the holders of any existing or future borrowings of the Issuer unless, at the same time or prior thereto, the Issuer's obligation under the CP/MTN Programme shall be secured equally and rateably with such borrowings.

Permitted Encumbrances means any lien arising by operation of law or created in the ordinary course of business, pledges created in relation to documentary credits opened in the ordinary course of trading, leasing arrangements and hire purchase transactions and any present and/or future security interest that may be created by Pac Lease in favour of Cagamas Berhad ("**Cagamas**") pursuant to the Master Sale and Purchase Agreement in relation to the Purchase With Recourse Scheme entered into between Pac Lease and Cagamas dated 13 October 2008.

- (b) Pac Lease shall not amend its Memorandum and Articles of Association in a manner inconsistent with the Transaction Documents to which it is a party and/or which may have a material adverse effect on the Issuer's ability to perform any of its obligations under the Transaction Documents;
- (c) Pac Lease shall not reduce or in any way alter (except by way of an increase) its authorised and issued paid-up capital;
- (d) Pac Lease shall not cease to be a wholly-owned subsidiary of PacificMas Berhad ("**PacMas**") except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or any other corporate exercises where PacMas or, failing

which, Oversea-Chinese Banking Corporation Limited retains effective control of Pac Lease;

- (e) Pac Lease shall not enter into a transaction, whether directly or indirectly with interested persons unless such transaction shall be on terms that are no less favourable to Pac Lease than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
- (f) Such other negative covenants as may be advised by the Solicitors.

**(iii) Information Covenants**

Pac Lease shall provide to the Trustee the following:

- (a) Quarterly unaudited management accounts of Pac Lease within 90 days from the end of each quarter;
- (b) Year-end audited financial statements within 180 days from its financial year end, and such other information (financial or otherwise) as the Trustee and Rating Agency may reasonably require from time to time;
- (c) Promptly, after receipt of such request from the Trustee and/or the Rating Agency, any other information relating to its business, affairs and financial condition as may from time to time be reasonably requested by the Trustee and/or the Rating Agency in order to discharge its/their duties and obligations as Trustee and/or the Rating Agency, to the extent permitted by law;
- (d) Promptly, any notices, circulars and other documents dispatched by the Issuer to its shareholders; and
- (e) Within 180 days after each of its financial year end, a certificate confirming that the Issuer has complied with all its obligations under the Transaction Documents and is not in breach of any of them and no Event of Default has occurred since the date of the issue of the Notes or the date of the previous certificate, as the case may be or if an Event of Default has occurred, details of the same.

- (b) Status** : The Notes shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law.
- (c) Issue/  
Redemption** : The CP/MTN Programme shall be made available subject to standard terms and conditions including but not limited to the following:
  - (a) Redemption is at par (for zero coupon CPs and MTNs) and par value plus coupon (for coupon bearing MTNs) on the maturity dates of the Notes;
  - (b) During the tenor of the CP/MTN Programme, any amount of the Notes issued will be redeemed at the end of the maturity period; and
  - (c) Any amount redeemed may be reissued during the tenor of the CP/MTN Programme, provided that no Event of Default has occurred and is continuing. The Notes shall not be issued with a maturity beyond the tenor of the CP/MTN Programme.
- (d) Repurchase and  
Cancellation** : The Issuer may at any time purchase the Notes at any price in the open market or by private treaty, but these repurchased Notes shall be cancelled and cannot



be reissued.

- (e) **Interest on late payment** : In the event of any overdue payment of any sums due under the Notes, the Issuer shall pay compensation at the rate of 1% per annum above the Prescribed Rate, which is defined below:
- (a) in relation to the CP holders, the applicable yield of the relevant CPs;
  - (b) in relation to the MTN holders, the coupon rate of the relevant MTNs.
- (f) **Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (g) **Transaction Documents** : The Transaction Documents shall include the following:-
- (a) the CP/MTN Programme Agreement;
  - (b) the Trust Deed; and
  - (c) such other agreements as may be advised by the Solicitors.
- (h) **Governing Laws** : The Notes and Transaction Documents shall be governed by the laws of Malaysia and be subject to the exclusive jurisdiction of the courts of Malaysia.
- (i) **Other Conditions** : The Notes shall at all times be subject to such guidelines, rules and directives to be issued from time to time by the SC and/or any other appropriate authority having jurisdiction over matters pertaining to the Notes.

*- The remainder of this section is intentionally left blank -*

## SECTION 3 : INFORMATION ON THE ISSUER

### 3.1 Background of the Issuer

#### 3.1.1 Date and Place of Incorporation

Pac Lease was incorporated in Kuala Lumpur, Malaysia as a private company limited by shares under the Companies Act 1965, on 9 May 1996, under the name of Pac Lease Sdn. Bhd. The Company's status was converted to a public limited company pursuant to Section 26 of the Companies Act, 1965 on 6 June 2011 and the Company assumed the name of Pac Lease Berhad.

#### 3.1.2 Company Registration Number

Company No. 386653-K.

#### 3.1.3 Principal Activities

Pac Lease's principal activities are hire purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products and services.

*(Please refer to Section 6 of this Information Memorandum for further information in relation to the principal activities carried out by Pac Lease).*

#### 3.1.4 Share Capital Structure

The authorised and issued and paid-up share capital of Pac Lease as at 31 March 2011 are as follows:-

Type	No. of Ordinary Shares	Par Value (RM)	Amount (RM)
Authorised	250,000,000	1.00	250,000,000.00
Issued and paid-up	115,000,000	1.00	115,000,000.00

#### 3.1.5 Shareholder

The shareholder of Pac Lease as at 31 March 2011 is as follows:

Name	No. of Ordinary Shares			
	Direct	%	Indirect	%
PacificMas	115,000,000	100	-	-

### 3.1.6 Shareholding Structure

The shareholding structure of Pac Lease as at 31 March 2011 is as follows:

Category of Shareholders	No. of Securities			Percentage (%)		
	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non Bumi		Bumi	Non Bumi	
Individual	-	-	-	-	-	-
Body Corporate	-	-	115,000,000	-	-	100%
Government Agencies/ Institutions	-	-	-	-	-	-
Nominees	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>TOTAL</b>	-	-	<b>115,000,000</b>	-	-	<b>100%</b>

*(Please refer to Section 5 of this Information Memorandum for further information in relation to PacificMas, the holding company of Pac Lease).*

## 3.2 List and Profile of the Board of Directors

### 3.2.1 List of Directors

The Directors of Pac Lease as at 31 March 2011 are as follows:-

Name/ Designation	Nationality
Mr. Chew Sun Teong (Chairman)	Malaysian
Dr. Raja Lope Bin Raja Shahrome (Director)	Malaysian
Mr. Wong Ah Wah (Director)	Malaysian
Mr. Ng Hon Soon (Director)	Malaysian

### 3.2.2 Directors' Profiles

The brief profiles of the Directors of Pac Lease as at 31 March 2011 are as follows:-

#### Mr. Chew Sun Teong

Mr. Chew Sun Teong is a qualified accountant by training and a fellow member of the Chartered Association of Certified Accountants, United Kingdom. He started his career with PricewaterhouseCoopers in 1987, involved in the area of corporate audit and taxation for 4 years prior to joining Citibank Malaysia Berhad ("Citibank Malaysia"). Over his 12-year career with Citibank Malaysia, he had held various roles including customer relationship in corporate, commercial and SMEs, international offshore banking and risk management. Prior to joining OCBC in 2003, his last position in Citibank Malaysia was the General Manager of the Commercial/SME Banking business and a director of Citicorp Capital Sdn Bhd. Mr. Chew

joined OCBC in April 2003 with the responsibilities of transforming the Commercial Banking and SME businesses. He was promoted to the rank of Executive Vice President - Head, Business Banking Division of OCBC in October 2006. In April 2008, Mr. Chew was appointed Deputy Chief Executive Officer of OCBC in addition to his role as its Head of Business Banking Division and was promoted to the position of Chief Executive Officer on 8 August 2008. Currently, he is also a director of OCBC, OCBC Al-Amin Bank Berhad and e2 Power Sdn Bhd, all of which are subsidiaries of OCBC Ltd and he was appointed to the board of PacificMas on 26 June 2008.

Dr. Raja Lope Bin Raja Shahrome

Dr. Raja Lope bin Raja Shahrome holds an Honours Degree in Economics from the University of Malaya, a Master of Arts in Applied Economics from the University of Pennsylvania and a PhD in Economics from the London School of Economics, University of London. Dr. Raja Lope has extensive experience in the banking industry, having spent 18 years with BNM, during which time he was appointed as Head of Economic Research Department in 1976. In 1979, he joined the then United Malayan Banking Corporation Berhad (“UMBC”) as general manager in charge of the International Division and was subsequently appointed as Executive Vice President in 1986. He also served on the board of directors of UMBC and was Chairman of UMBC Securities Berhad and UMBC Insurance Berhad. He was an advisor to The Pacific Bank Berhad (now known as PacificMas) between 1993 and 1995 before joining Rating Agency Malaysia Berhad (now known as RAM) in October 1995 as Executive Director. In 1999, he joined AmBank Berhad as Executive Director, acting as a nominee of Danamodal National Berhad, until September 2003. Currently, he is also an independent director of OCBC, OCBC AI-Amin Bank Berhad and PacificMas besides sitting on the boards of a few private companies.

Mr. Wong Ah Wah

Mr. Wong Ah Wah holds a Master of Business Administration (Banking and Finance) from the University of Hull. He has more than 30 years of experience in the banking industry. Mr. Wong joined OCBC in 2003 as Country Credit Officer and subsequently as Country Risk Officer from 2006 until December 2007. He was the Acting Chief Credit Officer-Corporate of OCBC Ltd from December 2007 until his retirement in 2008. Prior to joining OCBC, he had held various senior executive positions in Citibank Malaysia, where he served from 1969 to 2003. Mr. Wong Ah Wah was appointed to the board of PacificMas on 26 June 2008 and was redesignated as Executive Director on 1 August 2008. He is also a director of several other subsidiaries of PacificMas.

Ng Hon Soon

Mr. Ng Hon Soon graduated with a Bachelor of Applied Science (Honours) from Universiti Sains Malaysia and a Masters in Public Administration from Harvard University, U.S.A. He has more than 25 years of experience in the financial services industry, including banking and general insurance. He was attached to BNM from 1984 to 1994 before joining the research team of Nomura Advisory Services (M) Sdn Bhd in 1994. He joined The Pacific Bank Berhad (now known as PacificMas) in 1995 and later assumed the position of General Manager of PacificMas following the sale of the banking business in 2001. He was seconded to PIB as its Chief Executive Officer between November 2002 and November 2003, and was appointed Chief Executive Officer of PacificMas on 4 February 2004. Currently, he is also a director of Malaysian Trustees Berhad and several private limited companies representing the interest of PacificMas.

### 3.3 List and Profile of the Senior Management Team

#### 3.3.1 List of the Senior Management Team

The senior management team of Pac Lease as at 31 March 2011 is as follows:-

Name	Designation
Chen Kok Bong	Chief Executive Officer
Lim Yoke Soon	Head, Marketing and Business Development
Wong Hong Siong, John	Head, Credit
Koay Teng Seng	Head, Marketing and Product Development
Leon Chee Mun	Head, Strategic Alliance
Thomas Lee Hock Hye	Head, Finance & Administration
Lye Thin Chee, Eric	Head, Collection and Recovery

#### 3.3.2 Senior Management Team's Profiles

The brief profiles of the senior management team of Pac Lease as at 31 March 2011 are as follows:-

##### Mr. Chen Kok Bong

Mr. Chen Kok Bong graduated with a Bachelor of Economics (Honours) from Manchester University, England and holds a Master of Business Administration (Finance) from City University Business School, London. He started his career as a trainee bank officer in 1985 with OCBC and rose through the ranks to hold various senior management positions with the bank. During his 20year tenure with OCBC, Mr. Chen had managed Kuala Lumpur, Seremban and Klang branches, headed Enterprise Banking Department and played key roles in numerous strategic projects undertaken by the bank. Mr. Chen also had a short stint in the corporate sector when he briefly left OCBC between 2003 and 2006 to spearhead a property development company as its Chief Executive Officer. He re-joined OCBC in 2007 as the Regional Head for East Coast & East Malaysia and later with the added function of Real Estate Specialist for Commercial Banking. He was also involved in the formulation of the business banking strategy for OCBC Al-Amin Bank, a wholly-owned subsidiary of OCBC that provides Shariah compliant products and services. Mr. Chen joined Pac Lease as Chief Executive Officer on 16 April 2009.

##### Mr. Lim Yoke Soon

Mr. Lim Yoke Soon joined Pac Lease in October 1996 as General Manager and had been instrumental in setting up Pac Lease's operations. He holds an MBA (Finance) from the University of Hull, United Kingdom. Mr. Lim has more than 30 years of working experience in the banking and finance industry that begun at United Overseas Bank (Malaysia) Berhad in 1977. He had subsequently served in several other financial institutions including Credit Corporation (M) Berhad, Kesang Leasing Sdn Bhd, Kewangan Usahasama Makmur Berhad and MBf Finance Berhad, where he held various positions from Credit Executive to Head of Branch Supervision, and Branch Manager.

Mr. Wong Hong Siong, John

Mr. John Wong joined Pac Lease in 1997 as Manager (Credit) and is currently the Head of Credit and Credit Operations. His career began at the Soon Seng Group as an Accounts Officer in 1981, after having obtained his professional accountancy qualification from the Chartered Institute of Management Accountants, United Kingdom. In 1983, he left the Soon Seng Group to join Menang Corporation Bhd as an Assistant Accountant in charge of financial accounting and various corporate finance projects. He has also held positions as Corporate Planning Executive with FACB Group and as Senior Officer (Credit) with First Malaysia Finance Berhad.

Mr. Koay Teng Seng

Mr. Koay Teng Seng joined Pac Lease in December 2009 as Deputy General Manager and heads the Marketing and Product Development Department in the Head Office. He holds a Bachelor Degree of Civil Engineering from University of Malaya and Certified Diploma in Accounting and Finance by ACCA. Prior to his career in the banking and financial industry, he practiced as an engineer in a consulting firm for 4 years before he joined OCBC in 1989. He has a cumulative experience of 20 years in the banking and financial industry and has held various positions in OCBC from credit and marketing executive in Corporate Banking to department head in charge of Middle Market portfolio, and later as Senior Credit Controller in Risk Division of the bank.

Mr. Leon Chee Mun

Mr. Leon joined Pac Lease in 2009 as the Head of Strategic Alliance Department, a new set-up to undertake cross-selling activities and to create synergistic opportunities within the PacificMas and OCBC Group in Malaysia. Mr. Leon started his working career in 1992 as a marketing officer for OCBC and during his 13 years stint with the bank, he gained valuable exposure in different departments that included Corporate Banking and Commercial Middle Market and was attached as a Branch Manager and Head of Mortgage Sales. After his departure from OCBC, he worked as the Personal Assistant to the Group MD of Tan Chong Motor Holdings Bhd in addition to his responsibilities as the Head of Insurance Business. Mr. Leon subsequently joined CIMB Bank as Head of Sales Planning and prior to joining Pac Lease, he was the Head of Marketing for Large Corporate Enterprise in Digi Telecommunications Sdn Bhd.

Mr. Thomas Lee Hock Hye

Mr. Thomas Lee, Assistant General Manager, is one of the pioneer staff of Pac Lease and was instrumental in setting up the Finance and Administration Department in Pac Lease and the computerisation of the Company's operations. Mr. Lee has more than 25 years of working experience in the finance industry. He started his career in a multinational company in 1979 and joined MBf Leasing Sdn Bhd in 1985 as an Accounts Officer. His last held position in MBf Leasing Sdn Bhd was Manager in charge of treasury operations. Prior to joining Pac Lease in 1996, Mr. Lee was the Assistant Manager taking charge of the daily accounting and treasury functions at the then Oriental Finance Berhad.

Mr. Lye Thin Chee, Eric

Mr. Eric Lye joined Pac Lease as its first employee on 1 October 1996 with the designation of Assistant Manager, Credit. He is currently the Senior Manager who heads the Collection and Recovery section of Pac Lease and is responsible for the collection of outstanding receivables and liaising with lawyers on recovery of delinquent accounts. Mr. Lye has more than 30 years of working experience in the finance and hire-purchase industry. Prior to his career at Pac Lease, he had worked at First Malaysia Finance Bhd and Kewangan Usahasama Makmur Berhad, which was later merged with MBf Finance Berhad.

### 3.4 List of Bank Borrowings

Pac Lease's bank borrowings as at 31 March 2011 are listed below:-

(a) AmBank

- i. Pac Lease has obtained revolving credit facilities from AmBank of up to the maximum aggregate amount of RM25.0 million for purposes of Pac Lease's working capital requirements ("**AmBank First Facility**"). The AmBank First Facility is secured by a Guarantee and Indemnity dated 15 January 2010 from PacificMas for the total sum of RM25.0 million.
- ii. AmBank also has granted to Pac Lease a term loan facility of up to the aggregate maximum amount of RM30.0 million for purposes of Pac Lease's working capital requirements ("**AmBank Second Facility**"). The AmBank Second Facility is secured by a Guarantee and Indemnity dated 5 January 2011 from PacificMas for the total sum of RM30.0 million.

AmBank First Facility and AmBank Second Facility are collectively hereinafter referred to as the "**Existing AmBank Facilities**".

(b) OCBC

Pac Lease has obtained banking facilities from OCBC of up to the maximum aggregate amount of RM257.0 million for purposes of Pac Lease's working capital requirements ("**Existing OCBC Facilities**"). The Existing OCBC Facilities are secured by a corporate guarantee dated 21 March 2011 from PacificMas for the principal sum of RM257.0 million including any interest and charges accruing thereof.

(c) Maybank

Pac Lease has obtained conventional and Islamic banking facilities from Maybank of up to the maximum aggregate amount of RM96.0 million and RM 10.0 million respectively for purposes of working capital requirements. The Maybank facilities are secured by a corporate guarantee dated 21 February 2005 granted by PacificMas in favour of Maybank for the total sum of RM96.0 million under the conventional banking facilities and a corporate guarantee from PacificMas to Maybank dated 21 February 2005 for the total sum of RM10.0 million in favour of Maybank under the Islamic banking facilities.

(d) EON Bank

Pac Lease has obtained a revolving credit facility from EON Bank of up to the maximum aggregate amount of RM60.0 million for purposes of Pac Lease's working capital requirements ("**EON Bank Facility**"). The EON Bank Facility is secured by corporate guarantees from PacificMas dated 27 September 2004, 10 June 2009 and 1 April 2010 for the amount of RM10.0 million, RM20.0 million and RM30.0 million respectively constituting the total sum of RM60.0 million.

(e) Public Bank

Pac Lease has obtained a revolving credit facility from Public Bank of up to the maximum aggregate amount of RM50.0 million for purposes of Pac Lease's working capital requirements ("**Public Bank Facilities**"). The Public Bank Facilities are secured by a corporate guarantee from PacificMas dated 6 September 2010 for the total sum of RM50.0million.

(f) Bangkok Bank

Pac Lease has obtained banking facilities from Bangkok Bank of up to the maximum aggregate amount of RM55.0 million for purposes of Pac Lease's working capital requirements. The banking facilities from Bangkok Bank are secured by a corporate guarantee dated 5 January 2011 from PacificMas for the principal sum of RM55.0 million.

(g) Existing CP/MTN Programme

The Existing CP/MTN was established by Pac Lease in 2005 pursuant to a Notes Issuance Facility Agreement dated 26 January 2005 which was entered into between Pac Lease and OCBC as the lead arranger and facility agent for the Existing CP/MTN Programme. Mayban Trustees acts as the trustee for the Existing CP/MTN Programme.

As at 31 March 2011, the Existing CP/MTN Programme has an outstanding Notes of RM 65.0 million in nominal value. The proceeds from the issuance of commercial papers and/or medium term notes under the Existing CP/MTN Programme were utilised for general funding requirements of the Issuer. The Existing CP/MTN Programme is unsecured and has a tenor of seven (7) years from 30 May 2005. The Board of Directors' resolution dated 20 January 2005 authorised the Issuer to issue the commercial papers and/or the medium term notes under the Existing CP/MTN Programme upon the terms and subject to the conditions set out in the Notes Issuance Facility Agreement of the Existing CP/MTN Programme thereto.

(h) Cagamas

Cagamas has provided Pac Lease an alternative funding arrangement of up to RM150.0 million whereby Pac Lease may sell its hire purchase and leasing debt on with recourse basis to Cagamas ("**Cagamas Facility**").

By virtue of the Master Sale and Purchase Agreement dated 13 October 2008 Cagamas agrees that it will at the request of Pac Lease from time to time consider and, if Cagamas at its discretion thinks fit, purchase eligible hire purchase and leasing debt from Pac Lease. As at 31 March 2011, Cagamas had purchased receivables from Pac Lease for a total sum of RM110,004,433.00. The receivables were sold subject to the condition that Pac Lease undertakes to administer the receivables on behalf of Cagamas and to re-purchase any receivables under the recourse provisions, based on pre-determined and agreed upon prudential criteria.

The Master Sale and Purchase Agreement sets out detailed terms and conditions pertaining to the Cagamas Facility inter alia, the repurchase consideration, servicing and administration, revision of Cagamas installment/review of Cagamas rate, service fee rate and recourse fee rate/reset of Cagamas rate/conversion of Cagamas rate, warranties and covenants, default and miscellaneous. The Cagamas Facility is secured by corporate guarantees from PacificMas for the total principal sum of RM150.0 million.

(i) Affin Bank

Pac Lease has obtained a revolving credit facility from Affin Bank of up to the maximum aggregate amount of RM15.0 million for purposes of Pac Lease's working capital requirements ("**Affin Bank Facility**"). This is based on the offer letter dated 23 September 2010 and 31 January 2011. The Affin Bank Facility will be secured by a corporate guarantee from PacificMas for the total sum of RM15.0 million. Both the letters of offer have not been accepted pending finalization of the guarantee document.



## SECTION 4 : OTHER GENERAL INFORMATION

### 4.1 Capital Commitments

The capital commitments of the Company as at 31 December 2009 and 31 December 2010 extracted from the audited financial statements for FYE 2010 are as follows:

	2010 RM	2009 RM
<b>Approved and contracted for:</b>		
Property and equipment	-	96,729
Intangible assets	38,124	87,178
	38,124	183,907
<b>Credit Commitments:</b>		
Undrawn Credit facilities:		
Original term to maturity of less than a year	161,556,773	140,061,141
	161,594,897	140,245,048

### 4.2 Contingent Liabilities

The contingent liabilities of the Company as at 31 December 2009 and 31 December 2010 extracted from the audited financial statements for FYE 2010 are as follows:

	2010 RM	2009 RM
Letters of Credit	2,327,777	11,111,111

The letters of credit are entered by the Company on behalf of customers for which customers have corresponding obligations under their contracts with the Company.

### 4.3 Material Contracts Outside the Ordinary Course of Business

As at 31 March 2011, there is no material contract entered into outside the ordinary course of business by the Issuer within the last 2 years save for the following:

(a) Haw Par Land

Pursuant to the tenancy agreement dated 5 February 2010, Pac Lease has agreed to rent from Haw Par Land the demised premises at the 28<sup>th</sup> floor at Menara Haw Par, Suite 28.01-04, Jalan Sultan Ismail, 50250 Kuala Lumpur, measuring approximately 8,178 square feet, for a period of 3 years commencing 1 January 2010 (“**Commencement Date**”). Pursuant to another tenancy agreement dated 23 March 2011, Pac Lease has also agreed to rent from Haw Par Land for a portion of the 29<sup>th</sup> floor at Menara Haw Par, Suite 29.04, Jalan Sultan Ismail, 50250 Kuala Lumpur, measuring approximately 1,874 square feet, for a period of 3 years commencing 1 February 2011 (“**Commencement Date**”).

The rental for both is to be paid monthly in advance, the first of such payments to be made on or before the Commencement Date respectively and the subsequent payment to be made within the first 7 days of each of the following month thereafter.

Pac Lease has the option to renew the tenancy agreements for up to 3 years at the then prevailing market rate.

(b) Services Agreement with PacificMas

Pursuant to the Services Agreement, Pac Lease has engaged PacificMas to provide the Services to Pac Lease in accordance with the terms thereof.

In return for providing the Services, PacificMas reserves the right to charge Pac Lease a management fee of 5% on the “costs and expenses” incurred by PacificMas for rendering the Services under the terms of the Services Agreement, and Pac Lease shall reimburse PacificMas all costs and expenses properly incurred by PacificMas in the performance of its duties under the Services Agreement. Effective from 1 October 2008 (“Commencement Date”), the calculation of the management fee is 5% on the “costs and expenses” which may be varied from time to time in accordance with the provisions of the Services Agreement. “Costs and expenses” means the personnel costs and office rental expenses properly incurred by PacificMas in the performance of its duties under the Services Agreement, which may be varied from time to time, provided that these costs and expenses shall be duly vouched by written evidence where procurable.

The period of engagement is stated in the Services Agreement to commence from the Commencement Date for a period of 3 years, which may be extended for such further period as may be mutually agreed between the parties thereto.

#### **4.4 Insurance**

(c) Lonpac

Pac Lease has purchased insurance policies in respect of the following risks from Lonpac:-

- (i) Employer’s Liability (“EL”); and
- (ii) All Benefits Personal Accident (“ABPA”).

Lonpac issued the EL policy on 22 February 2011 and the ABPA policy on 2 March 2011 for the whole period of 2011.

(d) GELM

PacificMas including but not limited to Pac Lease together with other associated and subsidiary companies of PacificMas have purchased the Group Yearly Renewable Term Assurance policy from GELM. The master policy was issued on 18 April 2001. The policy is renewed on a yearly basis subject to the term and conditions contained therein.

(e) PIB

Pac Lease has purchased insurance policies in respect of the following risks for the whole period of 2011 from PIB:-

- (i) All Risks;
- (ii) Money;
- (iii) Fidelity Guarantee;
- (iv) Plate Glass;
- (v) Public Liability;
- (vi) Hospitalisation and Surgical; and
- (vii) Directors’ and Officers’ Liability.

#### **4.5 Material Litigation**

Pac Lease is not engaged in any litigation, claims or arbitration either as plaintiff or defendant which has a material effect on its financial position or business and the Directors do not know of any proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of Pac Lease.

#### 4.6 Related Party Transactions

In respect of the significant related party transactions, please refer to Note 24 of the audited financial statement of Pac Lease for the FYE 2010 attached herein.

#### 4.7 Potential Conflict of Interest Situations and Appropriate Mitigating Measures

##### A. AmInvestment & AmTrustee

Save as disclosed below, after making enquiries as were reasonable in the circumstances, AmInvestment is not aware of any existing or potential interest or any circumstances which could give rise to a conflict of interest by virtue of its roles in relation to the CP/MTN Programme:

- (a) AmBank, a related corporation of AmInvestment, had earlier granted the following Existing AmBank Facilities:

Details of facilities	Limit of facilities (RM million)	Outstanding amount as at 31 March 2011 (RM million)
Revolving Credit Facility	25.0	25.0
Term Loan Facility	30.0	-

The proceeds from the CP/MTN Programme may be utilised by Pac Lease to refinance the Existing AmBank Facilities. However, none of the Existing AmBank Facilities have at present been identified by Pac Lease for refinancing. The utilisation will be determined at a point closer to each drawdown under the CP/MTN Programme and the Facility Agent will inform the SC accordingly at such time of draw-down.

- (b) AmTrustee, the appointed Trustee, is a related corporation of AmBank. AmBank has, within its ordinary course of business, extended to Pac Lease, several credit facilities.
- (c) Under the CP/MTN Programme, AmInvestment will be assuming multiple roles under the CP/MTN Programme including:
- (i) Joint Principal Adviser;
  - (ii) Joint Lead Arranger; and
  - (iii) Joint Lead Manager.
- (d) AmTrustee is a related corporation of AmInvestment. AmInvestment has a twenty percent (20%) shareholding in AmTrustee and will be assuming multiple roles as mentioned above under the Proposal.

##### Mitigating Measures

The following mitigating measures will be adopted by AmInvestment and AmTrustee in order to mitigate or address any potential conflict of interest:

- (a) AmInvestment and AmTrustee will ensure that each of the abovementioned roles is governed by separate and legally binding agreements, specifying the respective functions, responsibilities procedures and priorities;
- (b) AmInvestment and AmTrustee will fully disclose to all prospective investors in this Information Memorandum on the multiple roles to be undertaken by AmInvestment and AmTrustee;

- (c) Due diligence review pursuant to the CP/MTN Programme has been undertaken by professional advisers;
- (d) In addition, AmInvestment Bank is a licensed investment bank regulated by BNM and the SC and governed under, inter alia, the Banking and Financial Institutions Act, 1989 (“BAFIA”) and the CMSA;
- (e) Both AmInvestment and AmTrustee are governed by their respective internal controls (which include Chinese Walls erected between the two entities) and requisite checks and balances procedures. Their employees are competent and skilled to carry out the functions required of the roles they have undertaken and/or will undertake in relation to the CP/MTN Programme; and
- (f) AmTrustee has, pursuant to the Trustee Guidelines, issued a declaration to the SC that it has fully complied with the Guidelines and will continue to comply with their requirements while acting as the trustee for the CP/MTN Programme.

## **B. OCBC**

Save as disclosed below, after making enquiries as were reasonable in the circumstances, OCBC is not aware of any existing or potential interest or any circumstances which could give rise to a conflict of interest by virtue of its roles in relation to the CP/MTN Programme:

- (a) OCBC had earlier granted the following Existing OCBC Facilities to Pac Lease:

<b>Details of facilities</b>	<b>Limit of facilities (RM million)</b>	<b>Outstanding amount as at 31 March 2011 (RM million)</b>
Revolving Credit Facility	244.0	89.5
Trade Facilities	13.0	4.38

The proceeds from the CP/MTN Programme may be utilised by Pac Lease to refinance the Existing OCBC Facilities. However, none of the Existing OCBC Facilities have at present been identified by Pac Lease for refinancing. The utilisation will be determined at a point closer to each draw-down under the CP/MTN Programme and the Facility Agent will inform the SC accordingly at such time of drawdown.

- (b) Under the CP/MTN Programme, OCBC will be assuming multiple roles under the CP/MTN Programme including:
  - (i) Joint Principal Adviser;
  - (ii) Joint Lead Arranger;
  - (iii) Joint Lead Manager;
  - (iv) Lead Coordinator; and
  - (v) Facility Agent.
- (c) Mr. Chew Sun Teong who sits on the board of directors of Pac Lease is also the chief executive officer and director of OCBC.
- (d) Dr. Raja Lope bin Raja Shahrome who sits on the board of directors of Pac Lease as an independent director is also an independent director of OCBC.
- (e) Pac Lease is an indirect subsidiary of OCBC Ltd, the holding company of OCBC with an indirect shareholding of 63.50%.

### **Mitigating Measures**

The following mitigating measures will be adopted by OCBC in order to mitigate or address any potential conflict of interest:

- (a) OCBC will ensure that each of the abovementioned roles is governed by separate and legally binding agreements, specifying the respective functions, responsibilities, procedures and priorities;
- (b) OCBC will fully disclose to all prospective investors in this Information Memorandum on the multiple roles to be undertaken by OCBC and it will undertake the roles on an arms length basis;
- (c) Due diligence review pursuant to the CP/MTN Programme has been undertaken by professional advisers;
- (d) In addition, OCBC is a licensed commercial bank regulated by BNM and the SC and governed under, inter alia, the BAFIA and the CMSA;
- (e) While OCBC Ltd may have the ability to influence OCBC, any such influence is mitigated by the fact that OCBC is committed to upholding its professional integrity and responsibilities in relation to the CP/MTN Programme in the discharge of its duties. This commitment is manifested in their Joint Principal Adviser's Declaration to the SC; and
- (f) Notwithstanding that Pac Lease and OCBC have common directors, the said directors are officers of competence and integrity who will discharge their duties as directors with the appropriate care and skill. As Dr. Raja Lope bin Raja Shahrome and Mr. Chew Sun Teong sit on the board of directors of Pac Lease and OCBC, OCBC will ensure that the Guidelines on Credit Transactions and Exposures with Connected Parties issued by BNM are complied with in the event OCBC subscribes for the CPs/MTNs issued under the CP/MTN Programme.

The Board has been informed and is aware of the abovementioned potential conflict of interest situations. However, notwithstanding such potential conflict of interest situations, Pac Lease's Board of Directors is agreeable with the abovementioned arrangements and is agreeable to proceed with the issuance of the CP/MTN Programme.

### **C. Adnan Sundra & Low**

Adnan Sundra & Low has been appointed as the Solicitors to the JPAs/JLAs in respect of the CP/MTN Programme.

The Solicitors have confirmed that, to the best of their knowledge, there is no conflict of interest arising from its appointment as the Solicitors to the JPAs/JLAs in relation to the CP/MTN Programme.

## **4.8 Documents Available for Inspection**

A copy of the Trust Deed will be made available for inspection by holders of the Notes at the registered office of the Issuer at Level 19, Menara Prudential, 10, Jalan Sultan Ismail, 50250 Kuala Lumpur, and at the office of the Trustee at Level 15, Menara Merai, No.1, Jalan 19/3, Petaling Jaya, 46300 Selangor.

*- The remainder of this section is intentionally left blank -*

SECTION 5 : INFORMATION ON THE HOLDING COMPANY
--

## **5.1 Background of the Holding Company**

### **5.1.1 Date and Place of Incorporation**

PacificMas was incorporated as a public company on 30 May 1963 in the Federation of Malaya under the Companies Ordinances 1940 to 1946, under the name of The Pacific Bank Limited. It subsequently changed its name to The Pacific Bank Berhad on 15 April 1966 and assumed its present name on 5 January 2001 following the sale of its banking business to Maybank.

### **5.1.2 Company Registration Number**

Company No. 5024-T.

### **5.1.3 History and Principal Activities**

PacificMas (formerly known as The Pacific Bank Berhad) disposed of its banking business to Maybank and assumed its present name in 2001.

The principal activities of PacificMas are investment holding and the provision of management services to companies within its group. Its subsidiaries are principally involved in hire purchase, leasing, factoring and other financing services as well as distribution or marketing of financial products and services, management of unit trust funds and private investment mandates, property investment and management and investment holding.

### **5.1.4 Listing Status**

PacificMas was admitted to the Official List on the Main Board of Bursa Securities on 23 August 1990.

### **5.1.5 Share Capital Structure**

The authorised and issued and paid-up share capital of PacificMas as at 31 March 2011 are as follows:

Type	No. of Ordinary Shares	Par Value (RM)	Amount (RM)
Authorised	2,000,000,000	1.00	2,000,000,000 .00
Issued and paid-up	170,993,500	1.00	170,993,500.00

### 5.1.6 Twenty (20) Largest Securities Accounts Holders

The twenty (20) largest securities accounts holders of PacificMas as per the Record of Depositors as at 31 March 2011 are as follows:

No.	Name	No. of Shares
1.	RHB Capital Nominees (Asing) Sdn Bhd-Pledged Securities Account for OCBC Capital (Malaysia) Sdn Bhd (ACS/KUL)	108,586,956
2.	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Koperasi Angkatan Tentera Malaysia Berhad (49562-JPLE)	19,000,000
3.	Koperasi Angkatan Tentera Malaysia Berhad	6,801,105
4.	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Pembangunan Melati Sdn Bhd (88-00007-000)	6,100,000
5.	Koperasi Angkatan Tentera Malaysia Berhad	2,246,400
6.	Malaysia Focus Investment Fund Limited	598,500
7.	ECML Nominees (Tempatan) Sdn Bhd-Pledged Securities Account for Bernadette Jeanne De Souza (003)	241,200
8.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSGP for Shenzhen Investments Ltd	217,000
9.	AmanahRaya Trustees Berhad - Public Optimal Growth Fund	210,000
10.	Lim Cheng Neo	191,600
11.	Lau Tiang Hua	160,400
12.	Nican Asia Limited	145,000
13.	Kee Tak Lip	131,000
14.	Chau Ming Chiew @ Chaw Ming Chiew	115,000
15.	Ng Ha Chin	113,000
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	110,500
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lim Chung Toung (8036111)	100,000
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	100,000
19.	Lim Chin Sing	100,000
20.	Lim Seng Qwee	100,000

## 5.2 List and Profile of the Board of Directors

### 5.2.1 List of Directors

The Directors of PacificMas as at 31 March 2011 are as follows:

Name/ Designation	Nationality
Tan Sri Dato' Nasruddin Bin Bahari / Independent Non-Executive Director	Malaysian
Tan Sri Dato' Wong Kum Choon / Independent Non-Executive Director	Malaysian
Brig. Jen. (B) Dato' Ahmad Zahudi Bin Hj. Salleh / Non-Independent Non-Executive Director	Malaysian
Dr. Raja Lope Bin Raja Shahrome / Independent Non-Executive Director	Malaysian
David Wong Cheong Fook / Independent Non-Executive Director	Singaporean
George Lee Lap Wah / Non-Independent Non-Executive Director	Singaporean
Jeffrey Chew Sun Teong / Non-Independent Non-Executive Director	Malaysian
Wong Ah Wah / Non-Independent Executive Director	Malaysian

### 5.2.2 Directors' Profile

The brief profiles of the Directors of PacificMas as at 31 March 2011 are as follows:

#### Tan Sri Dato' Nasruddin Bin Bahari

Tan Sri Dato' Nasruddin Bin Bahari holds a Bachelor of Arts (Honours) from the University of Malaya and a Master of Public Administration from the University of Pittsburgh, U.S.A.

He had for the period between 1961 to 1992 served in the Administrative and Diplomatic Service in various capacities including Deputy Director-General in the Prime Minister's Department, Director-General of Lands and Mines, Secretary-General in the Ministry of Land and Regional Development and Secretary-General in the Ministry of Defence.

From 1974 to 1977, he was seconded to the United Nations Administration and served as Deputy Director of the Asian Centre for Development Administration (ACDA). He was elected as Vice President of the Association of Research and Development Institutes for Asia and Pacific in 1975 for a period of two years. In 1976, he was elected a member of Inter-Regional Executive Committee of Research and Development Institutes for Asia, Africa, Europe and Latin America and remained a member until 1978. He also served as an advisor to the Planning Committee of the United Nations University in Tokyo.

In the course of his duties, Tan Sri Dato' Nasruddin served in various companies and development corporations both at Federal and State levels including being the Deputy Chairman of the Armed Forces Fund Board (LTAT), Chairman of Sawira Sdn Bhd, Syarikat Malaysia Explosive Sdn Bhd, Naval Dockyard Sdn Bhd, AIROD Sdn Bhd and Aerospace Industries of Malaysia Sdn Bhd.



Currently, Tan Sri Dato' Nasruddin is the Chairman of OCBC, OCBC Credit Berhad, and OCBC AI-Amin Bank Berhad. He is also a director of Lingkaran Trans Kota Holdings Berhad, IJM Land Berhad and GELM besides sitting on the boards of several private companies.

Tan Sri Dato' Nasruddin was appointed to the Board of PacificMas on 26 June 2008.

#### Tan Sri Dato' Wong Kum Choon

Tan Sri Dato' Wong Kum Choon graduated with an Honours Degree in Economics from the University of Malaya and a Master Degree in Public and International Affairs from the University of Pittsburgh, U.S.A. He also studied under the World Bank, and finance and business in the London Business School.

Tan Sri Dato' Wong Kum Choon has had a long and distinguished career in the public sector since 1959 when he joined the Malayan Civil Service (now known as the Administrative and Diplomatic Service). He had served in various capacities as Assistant State Secretary in Pahang, Head of Macro Planning in the Economic Planning Unit and as Secretary General of the Ministry of Primary Industries before retiring in April 1993. In June 1993, he was appointed Chief Executive Officer of the Malaysian Timber Council (MTC) before he retired as its Adviser in December 1997.

He had served previously as the Chairman of the Malaysian Timber Industry Board (MTIB) and the Palm Oil Registration and Licensing Authority (PORLA). He was appointed a member of the Securities Commission from beginning of 1996 until April 1999. On the international front, he had participated and led government missions in negotiations on commodity trade and development.

He served as the first Chairman of the International Rubber Council and had acted as a Consultant in a strategic market study for the International Tropical Timber Organisation. He was the Chief Executive Officer of the Malaysian Rubber Export Promotion Council (MREPC) from October 1999 to September 2004. He has been a director of Pacific Mutual Fund Bhd, a subsidiary of PacificMas, since 1995.

Tan Sri Dato' Wong Kum Choon was appointed to the Board of PacificMas on 2 June 1995. He is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

#### Brig. Jen. (B) Dato' Ahmad Zahudi Bin Hj. Salleh

Brig. Jen. (B) Dato' Ahmad Zahudi Bin Hj. Salleh graduated from the MARA University of Technology (UiTM) with a Bachelor of Accountancy (Hons). He was also a graduate of Malaysian Defence College and Armed Forces Staff College. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

He started his career as an Officer in the Malaysian Armed Forces in 1972 and rose to the rank of Brigadier General. In 1998, he was appointed as the Director of the Armed Forces Pay Services and served as the Armed Forces Paymaster before retiring in October 2006. As the Armed Forces Paymaster, he was responsible for the administration and implementation of all policies pertaining to the personnel emolument scheme for the whole of the Malaysian Armed Forces.

His involvement in KATM started in 1993 when he was elected to the board of KATM and also the Secretary to the board. In 1998, he was appointed as the Chairman of KATM's board, a post he held until October 2006. He relinquished his post as Chairman to assume the executive position of General Manager of KATM and was redesignated as Chief Executive Officer on 1 July 2008. He also sits on the boards of several private limited companies representing the interest of KATM.

Brig. Jen. (B) Dato' Ahmad Zahudi was appointed to the Board of PacificMas on 1 July 2008.

#### Dr. Raja Lope Bin Raja Shahrome

Dr. Raja Lope Bin Raja Shahrome holds an Honours Degree in Economics from the University of Malaya, M.A. in Applied Economics from the University of Pennsylvania and a PhD in Economics from the London School of Economics, University of London.

Dr. Raja Lope has extensive experience in the banking industry, having spent 18 years with Bank Negara Malaysia, during which he was appointed as Head of Economic Research Department in 1976. In 1979, he joined the then UMBC as general manager in charge of the International Division and was subsequently appointed Executive Vice President in 1986. He also served on the board of directors of UMBC and was Chairman of UMBC Securities Berhad and UMBC Insurance Berhad. He was an advisor to The Pacific Bank Berhad between 1993 and 1995 before joining Rating Agency Malaysia Berhad in October 1995 as Executive Director. In 1999, he joined AmBank Berhad as Executive Director, acting as a nominee of Danamodal Nasional Berhad, until September 2003.

Currently, he is a director of OCBC and OCBC AI-Amin Bank Berhad besides sitting on the boards of a few private companies. He is also a director of Pacific Mutual Fund Bhd and Pac Lease, both of which are subsidiaries of PacificMas. Dr. Raja Lope was appointed to the Board of PacificMas on 26 June 2008.

#### Mr. David Wong Cheong Fook

Mr. David Wong Cheong Fook holds a Bachelor of Arts with Honours in Economics and a Master of Arts from the University of Cambridge. He is also a member of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore.

Mr. David Wong was an advisor to ECO Industrial Environmental Engineering Pte Ltd from May 2003 to December 2003 and served as the Group Managing Director of Wearnes Technology Pte Ltd from July 2000 to April 2003, which is the Technology and Manufacturing Division of WBL Corporation Ltd. He was with Ernst & Young from 1986 to 2000 and was responsible for establishing and managing Ernst & Young's Consulting Division in Singapore. He was also an Audit Partner and Head of the Public Sector Industry Group of Ernst & Young. Prior to that, Mr. David Wong was a pilot with the Republic of Singapore Air Force for 8 years, where he served in senior positions in both operations and logistics.

Currently, Mr. David Wong is the Chairman of Ascendas Funds Management (S) Limited; and a director of LMA International NV and United Engineers Limited. He also sits on the board of Pacific Mutual Fund Bhd, a subsidiary of PacificMas. Mr. David Wong was appointed to the Board of PacificMas on 26 June 2008.

#### Mr. George Lee Lap Wah

Mr. George Lee Lap Wah holds a Bachelor of Business Administration (Honours) from the University of Singapore and is a Chartered Financial Analyst.

Mr. George Lee joined OCBC Ltd in July 1999 and is currently Executive Vice President – Head, Group Investment Banking of OCBC Ltd. He oversees the OCBC Ltd Group's debt capital markets, corporate finance, merger and acquisition and mezzanine investment businesses. He has more than 30 years of banking experience and had held senior level positions in Credit First Boston, Credit Suisse Singapore and Security Pacific National Bank.

His directorships in other public companies are Singapore Island Bank Limited, Greenix Limited, OCBC Capital Investment (Asia) Limited, OWW Capital Partners Ltd and O, W & W Investments II Limited besides sitting on the boards of several private companies. Mr. George Lee was appointed to the Board of PacificMas on 26 June 2008.

Mr. Jeffrey Chew Sun Teong

Mr. Jeffrey Chew Sun Teong is a qualified accountant by training and a fellow member of the Chartered Association of Certified Accountants, United Kingdom.

He started his career with PricewaterhouseCoopers in 1987, involved in the area of corporate audit and taxation for 4 years prior to joining Citibank Malaysia. Over his 12 years career with Citibank Malaysia, he had held various roles including customer relationship in corporate, commercial and SMEs, international offshore banking and risk management. Prior to joining OCBC in 2003, his last position in Citibank Malaysia was the General Manager of the Commercial/SME banking business and a director of Citicorp Capital Sdn Bhd.

Mr. Jeffrey Chew joined OCBC in April 2003 with the responsibilities of transforming the Commercial Banking and SME businesses. He was promoted to the rank of Executive Vice President - Head, Business Banking Division of OCBC in October 2006. In April 2008, Mr. Jeffrey Chew was appointed Deputy Chief Executive Officer of OCBC in addition to his role as Head of Business Banking Division and was promoted to the position of Chief Executive Officer on 8 August 2008.

Currently, he is a director of OCBC, OCBC Al-Amin Bank Berhad and e2 Power Sdn Bhd, all of which are subsidiaries of OCBC Ltd. He is also the Chairman of Pac Lease, a wholly-owned subsidiary of PacificMas.

Mr. Jeffrey Chew was appointed to the Board of PacificMas on 26 June 2008.

Mr. Wong Ah Wah

Mr. Wong Ah Wah holds a Master of Business Administration (Banking and Finance) from the University of Hull. He has more than 30 years of experience in the banking industry.

Mr. Wong joined OCBC in 2003 as a Country Credit Officer and subsequently as Country Risk Officer from 2006 until December 2007. He was the Acting Chief Credit Officer-Corporate of OCBC Ltd from December 2007 until his retirement in 2008. Prior to joining OCBC, he had held various senior executive positions in Citibank Malaysia Berhad, where he served from 1969 to 2003. He is also a director of several subsidiaries of PacificMas. Mr. Wong Ah Wah was appointed to the Board of PacificMas on 26 June 2008 and was redesignated as Executive Director of PacificMas on 1 August 2008.

### 5.3 List of the Senior Management Team

The senior management team of PacificMas as at 31 March 2011 is as follows:

Name/ Designation	Nationality
Wong Ah Wah (Executive Director)	Malaysian
Ng Hon Soon (Chief Executive Officer)	Malaysian
Tan Cheng Hoon (Head of Group Finance & Investment)	Malaysian
Phuah Lay Chin (Head of Group Internal Audit)	Malaysian
Khoo Boo Kheng (Head of Group Information Technology & Administration)	Malaysian

Lee Ghee Fang (Head of Group Human Resources)	Malaysian
--	-----------

#### 5.4 Subsidiary/Associated Companies

The subsidiary and associated companies of PacificMas as at 31 March 2011 are as follows:-

Name of Subsidiary/Associated Company	Effective Equity Interest (%)	Principal Activities
Pac Lease Berhad	100.0	Hire purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products and services.
Pacific Mutual Fund Bhd	85.0	Establishment and management of unit trust funds as well as the management of private investment mandates.
PacificMas Asset Management Sdn Bhd	90.0	Investment holding.
P. B. Pacific Sdn Bhd	100.0	Property investment and management.
PacificMas Capital Sdn Bhd	100.0	Investment holding.
PacificMas Fidelity Sdn Bhd	100.0	Investment holding.
Malaysian Trustees Berhad*	20.0	Trustee agents, executors and administrators pursuant to the Trust Companies Act 1949.

\*Note: PacificMas has disposed of its entire twenty percent (20%) equity interest in Malaysian Trustees Berhad. The said disposal was completed on 15 June 2011.

#### 5.5 List of Bank Borrowings

PacificMas does not have any bank borrowings as at 31 March 2011.

#### 5.6 Recent Proposed Corporate Exercise

For details of recent proposed corporate exercise, please refer to the announcements made or to be made by PacificMas on Bursa Securities.

## 5.7 Highlights of Historical Financial Information

A summary of PacificMas' financial data based upon its audited consolidated financial statements is tabulated below:

	<b>FYE2006 (RM'000)</b>	<b>FYE2007 (RM'000)</b>	<b>FYE2008 (RM'000)</b>	<b>FYE2009* (RM'000)</b>	<b>FYE2010* (RM'000)</b>
<b>Revenue</b>	<b>229,888</b>	<b>238,797</b>	<b>229,249</b>	<b>69,397</b>	<b>96,666</b>
<i>Revenue Growth (%)</i>	-	3.9%	-4.0%	-	39.3%
<b>Profit before tax (PBT) from continuing operation</b>	<b>52,359</b>	<b>49,189</b>	<b>23,697</b>	<b>23,245</b>	<b>27,815</b>
<i>PBT Growth (%)</i>	-	-6.1%	-51.8%	-	19.7%
<i>PBT margin (%)</i>	22.8%	20.6 %	10.3%	33.5%	28.8%
<b>Net profit for the year</b>	<b>38,487</b>	<b>36,780</b>	<b>18,460</b>	<b>26,030</b>	<b>102,226</b>
<i>Net profit margin (%)</i>	16.7%	15.4%	8.1%	37.5%	105.8%
<b>Paid-up capital</b>	<b>170,994</b>	<b>170,994</b>	<b>170,994</b>	<b>170,994</b>	<b>170,994</b>
<b>Shareholders' funds</b>	<b>902,716</b>	<b>728,524</b>	<b>555,013</b>	<b>572,119</b>	<b>658,309</b>

*\* The results of PIB for the years ended 31 December 2009 and 31 December 2010 and the gain on disposal of PIB were presented separately in the income statements as "profit from discontinued operations, net of tax" and "gain on disposal of insurance subsidiary (net)" respectively.*

Following the disposal of the banking business in 2001, PacificMas became an investment holding company and its main operating units then comprised four (4) subsidiaries, namely, PIB, Pac Lease, Pacific Mutual Fund Bhd and PB Pacific, and an associated company, Malaysian Trustees Berhad. PacificMas completed disposal of its insurance subsidiary, PIB, on 24 March 2011 and distributed most of the sales proceeds as a special dividend payment to shareholders in April 2011. PacificMas has also recently disposed of its entire twenty percent (20%) equity interest in Malaysian Trustees Berhad. The said disposal was completed on 15 June 2011.

The Group's net profit for the FYE 2010 rose to RM102.23 million from RM26.03 million in the previous year mainly on the back of the gain arising from the disposal of its insurance subsidiary of RM72.34 million. Excluding this one-off gain on disposal of the insurance subsidiary, the Group posted an 18% higher net profit from its continuing business operations of RM22.75 million in 2010 compared with RM19.33 million last year. This improvement in performance was mainly attributable to Pac Lease doubling its profit to achieve its highest ever net profit of RM10.74 million in 2010 (2009: RM5.25 million).

*- The remainder of this section is intentionally left blank -*

## 6.1 Core Business Description

Pac Lease is principally engaged in the business of hire-purchase, leasing, factoring and other financing services as well as distribution/marketing of financial products. It is represented by its head office in Kuala Lumpur and serviced by eleven (11) branches nationwide, in both Peninsular and East Malaysia. Pac Lease plans to open 3 new branches in 2011 to position itself in more strategic locations for a bigger share of the market.

Hire-purchase and leasing financing activities make up the bulk of its business operations. Although the hire-purchase and leasing financing activities carried on by Pac Lease are its main revenue-generating activities, and will continue to be so for the foreseeable future, it is also engaged in, and has been increasing its exposure to factoring, letter of credit confirming, trust receipts and term loan facilities to diversify its income sources and enhance its product mix. In this connection, its Head Office in Kuala Lumpur and Kota Kinabalu branch each holds a moneylenders licence issued pursuant to the Moneylenders Act 1951, which permits the license holder to carry on the business of money lending. In addition, Pac Lease has registered with Bank Negara Malaysia to carry out building credit and development finance businesses.

Pac Lease has initiated several strategic tie-ups with companies within the OCBC Group, such as OCBC, GELM and Overseas Assurance Corporation (Malaysia) Berhad. These strategic tie-ups provide Pac Lease the opportunity to earn fee income by cross-selling various products such as mortgage loans, home-owners insurance and medical insurance. Pac Lease would continue to explore collaborations with companies within the OCBC Group to complement its core business activities and to enhance income stream from fee-based activities. In addition, the cross-selling opportunities allow companies to complement and harmonise the marketing activities for better overall synergistic effect within the OCBC Group.

The focus of Pac Lease's financing business has been and continues to be on viable SMIs spread over business sectors such as manufacturing, construction, agriculture, medical and other financial services.

## 6.2 Business Overview

### 6.2.1 Underwriting/Credit Policy

Pac Lease has a comprehensive set of Lending Guidelines and Policies which stipulate that the total credit facilities extended by Pac Lease to any single customer or group shall not exceed RM25.0 million, which represents 17.02% of its shareholders' funds of RM146.86 million as at 31 December 2010. Any credit line, commitment or group exposure limit exceeding RM25.0 million has to be approved by the Board of Directors of PacificMas.

The Lending Guidelines and Policies set out detailed practices and procedures relating to *inter alia* the solicitation of customers, the application process, credit evaluation methodologies and the general guidelines for acceptance. The Lending Guidelines and Policies also provides for different practices and procedures for hire-purchase financing for vehicles and consumer goods as listed under the First Schedule of the Hire Purchase Act 1967 and for hire-purchase and leasing financing which fall outside the Act. Credit applications falling within the former class are subject to a more stringent credit evaluation process. The effectiveness of the Lending Guidelines and Policies is demonstrated by Pac Lease's sound asset quality over the years and its resilience against past financial crisis and the recent recession of 2008/2009, in 1997/1998 and in 2008/2009 together with the global economic slowdown in 2001.

### 6.2.2 Composition of Receivables

Since the commencement of Pac Lease's business in 1996, Pac Lease has charted double-digit growth in its Gross Receivables year-on-year except for FYE 2008 when the world economies entered into a recession. However, Pac Lease has since rebounded when its receivables base

expanded 36.2% to RM358.63 million for FYE 2009 and rose significantly by 54.4% in its Gross Receivables to RM553.87 million for FYE 2010.

Pac Lease's hire-purchase operations dominate its business, comprising approximately 95% of its Gross Receivables as at 31 December 2010. Pac Lease's receivables may also be segregated into 5 main sectors based upon its outstanding receivables as at 31 December 2010: manufacturing (28.6%); business, insurance, financial & other services (18.4%) general commerce (13.2%); construction and property (19.8%) and transport and storage (9.7%).

As at 31 December 2010, the average size of each outstanding account is approximately RM95, 000.00 Pac Lease's top 20 customers account for 14% of its Gross Receivables of RM553.87 million, as at 31 December 2010.

### **6.2.3 Asset Quality and Provisioning Policy**

Pac Lease has a stringent policy for the classification of Impaired Loans. Pac Lease classifies a hire-purchase or leasing account as an Impaired Loan when it has been in arrears for 3 months or more which is similar to the GP3 guidelines imposed by BNM on banks and financial institutions falling within the purview of the BAFIA. Factoring accounts and trust receipts, on the other hand, will be classified as Impaired Loans if the amounts due are not settled after 30 days from the end of the credit period and maturity, respectively.

Pac Lease adopted Financial Reporting Standard 139 ("FRS 139") in FYE 2008, to align itself with OCBC Singapore's reporting standards. Following the adoption of FRS 139, individual impairment allowances are made when the present value of future recoverable cashflow for impaired loans and receivables is lower than its carrying value; portfolio impairment allowances (or collective impairment allowances) are determined based on Pac Lease's historical loss experience. Under FRS 139 reporting, any account which shows signs of impairment would immediately be classified as Impaired Loan, notwithstanding the 3-month classification guideline.

Arising from stringent credit evaluation and procurement of good asset quality loans, Pac Lease's allowances for Impaired Loans for the year decreased from RM3.38 million in 2009 to RM3.35 million for FYE 2010. Although lower allowances were set aside for loans, nevertheless, Pac Lease's Loan Loss Reserve Coverage stood at a comfortable level of 1.47 times.

### **6.2.4 Collection Policy**

Pac Lease has also issued a comprehensive set of Collection Guidelines and Policies which sets out the standard practices and procedures to be taken when dealing with overdue accounts as an integral part of sound credit administration. A Collection and Recovery Unit specialises in the collection of outstanding receivables and the recovery of delinquent accounts through due legal process.

Pac Lease's superior asset quality is mainly attributed to its sound underwriting standards as well as its well-defined 'key performance indicators', whereby its sales staff are not only evaluated based on volume growth but also on the quality of their clients. Reflecting Pac Lease's prudent lending strategy and tight credit control management on the back of a larger receivables base, the gross and net Impaired Loans ratios moved from 1.40% and 0.29% respectively in FYE 2009 to 1.37% and 0.30% respectively in FYE 2010.

As at 31 December 2010, Pac Lease's gross and net Impaired Loan ratio stood at 1.37% and 0.30%, respectively.

The main industry sectors contributing to the net Impaired Loans of Pac Lease include manufacturing (32.99%), general commerce (6.19%), transport and storages (10.77%), consumption credit (9.43%), business, insurance, financial & other services (3.73%) and construction and property (35.09%).

## 6.3 Financial Overview

### 6.3.1 Financial Performance

<b>Consolidated</b>	<b>FYE2006 (RM'000)</b>	<b>FYE2007 (RM'000)</b>	<b>FYE2008 (RM'000)</b>	<b>FYE2009 (RM'000)</b>	<b>FYE2010 (RM'000)</b>
<b>Revenue</b>	19,999	22,342	23,046	24,861	39,412
<i>Revenue Growth (%)</i>	<i>11.5</i>	<i>11.7</i>	<i>3.2</i>	<i>7.9</i>	<i>58.5</i>
<b>Profit before tax (PBT)</b>	8,604	8,801	8,151	7,100	14,424
<i>PBT Growth (%)</i>	<i>3.0</i>	<i>2.3</i>	<i>-7.4</i>	<i>-12.9</i>	<i>103.2</i>
<i>PBT margin (%)</i>	<i>43.0</i>	<i>39.4</i>	<i>35.4</i>	<i>28.6</i>	<i>36.6</i>
<b>Net profit for the year</b>	6,126	6,349	5,966	5,247	10,740
<i>Net profit margin (%)</i>	<i>30.6</i>	<i>28.4</i>	<i>25.9</i>	<i>21.1</i>	<i>27.3</i>

Pac Lease recorded high pre-tax profit margins over the past five (5) full financial years. For FYE 2010, Pac Lease's pre-tax profit increased by 103.2% to RM14.40 million driven by strong growth and more robust net interest income. This was achieved despite the general slowdown in business during the first half of 2010 due to the global economic uncertainties and the growing competition from banks and other players in the hire-purchase and leasing industry.

### 6.3.2 Capital Injections

Pac Lease's financial flexibility mainly stems from the support of its sole shareholder, PacificMas. In the past, the parent company has demonstrated its strong backing through several capital injections with the latest capital injection completed in December 2010. In connection with the above, the paid-up share capital of Pac Lease was increased from RM80.0 million to RM115.0 million, to enable Pac Lease to pursue its growth and expansion plans.

### 6.3.3 Gearing Level

	<b>FYE2006 (RM'000)</b>	<b>FYE2007 (RM'000)</b>	<b>FYE2008 (RM'000)</b>	<b>FYE2009 (RM'000)</b>	<b>FYE2010 (RM'000)</b>
<b>Gross receivables</b>	243,559	268,037	263,397	358,634	553,859
<b>Total borrowings</b>	183,749	210,129	192,889	273,109	434,165
<b>Share capital</b>	45,000	45,000	45,000	80,000	115,000
<b>Retained profits</b>	14,394	14,732	18,441	21,123	31,863
<b>Shareholders' funds</b>	59,394	59,732	63,441	101,123	146,863
<i>Gearing Ratio</i>	<i>3.09</i>	<i>3.52</i>	<i>3.04</i>	<i>2.70</i>	<i>2.96</i>

Pac Lease's total borrowings and shareholders' funds stood at RM434.2 million and RM146.9 million respectively as at FYE 2010 with a gearing of 2.96 times.

- The remainder of this Section is intentionally left blank -



## SECTION 7: INVESTMENT CONSIDERATIONS

*Prospective purchasers of each issuance of the Notes should carefully read this Information Memorandum in its entirety. In evaluating an investment in each issuance of the Notes, prospective purchasers should consider, among other things, all information contained in this Information Memorandum, including the particular risks and considerations referred to below. Each issuance of the Notes is subject to certain risks that could adversely affect the business of Pac Lease. The following section does not purport to be complete and exhaustive. Prospective investors should undertake their own investigations and analysis on Pac Lease, its business and risk associated with each issuance of the Notes.*

*The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. Pac Lease's actual results could differ materially from those anticipated in these forward looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.*

### **7.1 Considerations Relating to the CP/MTN Programme**

#### **7.1.1 No prior market for the Notes**

The Notes to be issued under the CP/MTN Programme comprise a new issue of securities for which no secondary market currently exists and in the event that a secondary market in the Notes does develop, there can be no assurance that it will continue. Furthermore, there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of the holders to sell their Notes or the prices at which holders would be able to sell their Notes.

Each issue will carry different risks and all potential investors are strongly encouraged to evaluate each issue on its own merit.

#### **7.1.2 Ratings**

It is a condition to the issuance of the Notes that the Notes be rated. The CPs and MTNs have been assigned a rating of P1 and A2 respectively by RAM. Please refer to Section 2 of this Information Memorandum for further details. The rating will address the likelihood of the receipt of the noteholders of the coupon payments and principal repayment they are entitled to under the Notes. However, a rating is not a recommendation to purchase, hold or sell the Notes.

The Notes are subject to rating reviews by RAM throughout the tenor of the CP/MTN Programme. As a result of these rating reviews, there can be no assurance that the current ratings of the Notes to be issued under the CP/MTN Programme will remain and there is a possibility that the ratings may be revised or withdrawn by RAM if circumstances in the future so warrant. Any rating downgrade or withdrawal of ratings may have an adverse effect on the liquidity and market price of the Notes.

#### **7.1.3 Ability of the Issuer to meet its obligations under the CP/MTN Programme**

The ability of Pac Lease to meet its payment obligations under the Notes will depend on its income and revenue. Repayment of the Notes will be Pac Lease's obligations alone. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, PacificMas, the JPAs/JLAs, the Trustee or any subsidiary or affiliate thereof, or any other person involved or interested in the transaction envisaged under the CP/MTN Programme. None of such persons will accept any liability whatsoever under the Notes in respect of any failure by Pac Lease to pay any amount due thereunder.

## 7.2 Considerations Relating to the Business of the Issuer

### 7.2.1 Competition

Pac Lease operates within the highly fragmented hire-purchase and leasing industry that has low entry and exit barriers. All hire-purchase and leasing companies are regarded as scheduled institutions and have to register with and submit periodic financial statistics to BNM for monitoring purposes, as required under the BAFIA.

Competition is intense in the hire-purchase and leasing industry, given the large number of industry players and lack of differentiation in the products being offered. Hence, pricing becomes a critical component in the closing of any financing contract. Pac Lease faces competition from not only “stand-alone” hire-purchase and leasing companies but also the financially stronger banking institutions and bank-backed hire purchase and leasing companies providing similar products and services. Within such competitive operating environment constant pressure on margins is prevalent in the industry.

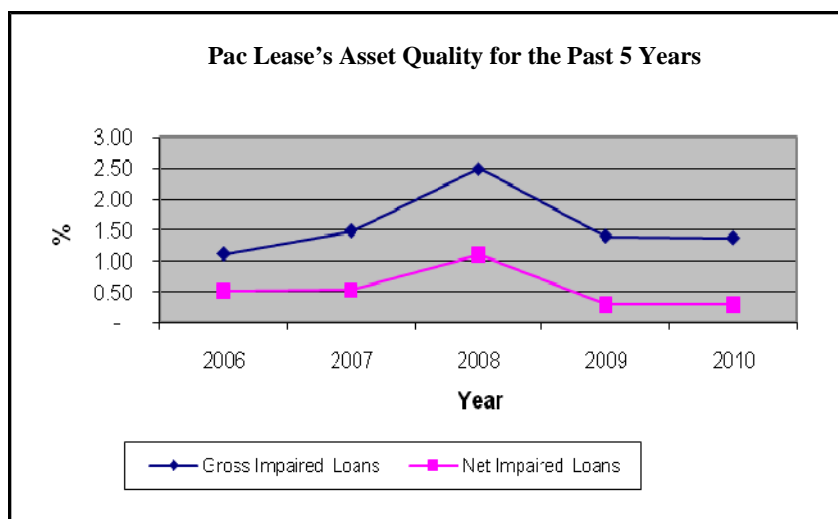
Although Pac Lease is a relatively small player in comparison to the other dominant players in the hire-purchase and leasing industry, which possess greater economies of scale, Pac Lease has the advantage of a competent and experienced management team with in-depth knowledge of the equipment financing business. In addition, its close rapport with the equipment suppliers and customers also put it in good stead to meet the competition through the provision of excellent customer services, improved turnaround time and building good customer relationships. However, despite Pac Lease’s proven track-record of repeat customers and/or multiple financing arrangements from its existing customers, no assurances can be made that such customers will continue to seek for financing from Pac Lease, or that Pac Lease will be able to maintain its existing market share in the future.

### 7.2.2 Asset Quality

Pac Lease attaches a high priority to managing its credit risk and has in place a highly developed credit structure which is governed by its comprehensive set of Lending Guidelines and Policies (please refer to Section 6.2.1 of this Information Memorandum for further details). This was evidenced by Pac Lease’s asset quality over the years, even during the global recession in 2008, whereby Pac Lease’s gross and net Impaired Loans ratios remained at a commendable 2.52% and 1.1% respectively for FYE 2008 compared with the Impaired Loans for the banking system of 4.8%\* and 2.2%\* during the same period.

(Source \*: BNM’s Financial Stability and Payment Systems Report 2009)

Set out below is Pac Lease’s asset quality for the past five (5) financial years.



Notwithstanding that Pac Lease has maintained a commendable asset quality over the years, there is no assurance that Pac Lease's asset quality will continue to reflect such standards in the future.

### **7.2.3 Receivables Portfolio**

Pac Lease's receivables portfolio covers various industries which include manufacturing, financing, insurance and business services, consumption credit, construction, general commerce, transport, storage and communication, agriculture and mining. The performances of the receivables in Pac Lease's portfolio are exposed to economic conditions (domestic or global) and government policies as well as to the specific risks inherent in the industries that these lenders operate in.

Pac Lease is aware of the risk of over-dependence and will strive to ensure that a healthy receivables portfolio is maintained but there can be no assurance that the composition and percentages of receivables in the different industries as referred to in Section 6.2.2 of this Information Memorandum will continue into the future.

### **7.2.4 Foreign Currency Exchange Risks**

Pac Lease's business is conducted in Ringgit and hence attracts no foreign currency exchange risks. However, there can be no assurance that Pac Lease's business will continue to be conducted in Ringgit or that Pac Lease's future performance will not be affected by adverse movements in the foreign currency exchange.

## **7.3 Considerations Relating to Dependence on Directors and Senior Management**

Pac Lease believes that the directors and senior management of Pac Lease have played a vital role in achieving its commendable track record and its continued and future success will depend to a significant extent upon the abilities and continued efforts of its existing directors and senior management. Recognising this and the risk that the sudden changes among the members of the board of directors and senior management may temporarily affect the management of Pac Lease, Pac Lease is continually taking steps to mitigate such risks by having a senior management succession plan in place. The success of Pac Lease will not only depend upon its ability to attract and retain skilled and committed personnel in expanding its activities but also the ability to seek continuous support from its ultimate parent, OCBC Ltd to endorse its succession plans.

## **7.4 Considerations Relating to the Holding Company**

Pac Lease is 100% owned by PacificMas. As a result, PacificMas will be able to control the business direction of Pac Lease and lends support to Pac Lease's financial flexibility and capital strength. Past support from PacificMas is evidenced through capital injections to boost Pac Lease's paid up capital to its present size of RM115.0 million. The continuous support from PacificMas is dependent on PacificMas' ability to maintain or improve on its current profitability level and financial strength. Thus, no assurances can be made that the support which Pac Lease currently receives from PacificMas will continue into the future. Details of PacificMas' financial performance and position are described in Section 5.7 of this Information Memorandum.

## **7.5 Considerations Relating to Sensitivity of Economic, Political and Changes in Governmental Policies**

Like any business, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospect of Pac Lease and the market in which it operates. Amongst the political, economic and regulatory uncertainties are risks of war, expropriation, nationalisation, renegotiation or nullification of existing orders and contracts, changes in or introduction of new laws or regulations, changes in interest rates and methods of taxation and currency exchange rules.

The Malaysian environment continues to be influenced by external economic, geo-political and regulatory risk factors e.g. the impact from the prevailing sovereign debt crisis in the Euro Zone, the escalating oil prices, the slowdown in some of the advanced economies, geopolitical problems in the Middle East and North Africa and uncertainties arising from the earthquake/tsunami in Japan. Such external factors may have a material and adverse effect on Pac Lease insofar as it relates to the willingness and the ability of companies in Malaysia to pursue growth and expansion activities which require financing, or the willingness of Malaysian consumers to consume goods and services. There can be no assurance that these changes will not have any material and adverse impact on Pac Lease.

## **7.6 Considerations Relating to Liquidity and Interest Rate Risk**

Pac Lease's profitability is derived mainly from the net interest spread between the financing provided to its customers and the rate it receives from its sources of funding, which includes the banking facilities obtained by Pac Lease as referred to in Section 3.4 of this Information Memorandum. Due to its dependence on external funding, it is inherently exposed to 2 key risks: *liquidity risk* and *interest rate risk*.

Liquidity risk arises when Pac Lease is faced with limitation and shortage of funds for its lending activities while interest rate risk is attributed to the difference between Pac Lease's borrowing commitment which are floating in nature compared to interest rates on the financing of hire-purchase and leases which are fixed over the tenor of the loans. Therefore, a rise in interest rates would adversely affect the profitability of Pac Lease due to the squeeze in the interest spread earned by Pac Lease from its financing activities unless Pac Lease takes mitigating actions in minimising the interest rate risk.

There can be no assurance that the base lending rates or costs of funds of Pac Lease's financiers would remain at the current level in the future. Any adverse change in the interest rate policies in Malaysia may affect the financial performance of Pac Lease. Nevertheless, although such interest rate risks cannot be completely eliminated, Pac Lease has taken steps to mitigate such risk by hedging through interest rate swap arrangements entered into with OCBC Bank, AmBank and CIMB Bank Berhad and entering into fixed-rate funding arrangement with Cagamas. Where necessary, Pac Lease has the option to issue MTNs under its Existing CP/MTN Programme to reduce its exposure to adverse interest rate movement.

Over the long term, the CP/MTN Programme will enable Pac Lease to lock-in interest rates (by issuing MTN of longer tenors under the CP/MTN Programme) and thereby reduce its exposure to fluctuations in interest rates whilst meeting its long-term funding requirements. The use of relatively cheaper funds from the capital markets may enhance Pac Lease's profitability through interest savings and provide a better mix of interest-bearing borrowings.

## **7.7 Considerations Relating to Forward Looking Statements**

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on forecast, projections and assumptions made by Pac Lease, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, general economic and business conditions, competition, the impact of new laws and regulations affecting Pac Lease and the industry, changes in interest rates and changes in foreign exchange rates. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by Pac Lease or its advisers that the plans and objectives of Pac Lease will be achieved.

- The remainder of this section is intentionally left blank -

### 8.1 The Malaysian Economy in 2010

In 2010, the Malaysian economy experienced a strong resumption of growth, recording an expansion of 7.2% following the downturn in 2009. Growth was driven mainly by robust domestic demand; and primarily by private sector activity. In particular, private consumption expanded firmly during the year, underpinned by the improvement in labour market conditions, a steady increase in income, more optimistic consumers and continued access to credit. The improvement in labour market conditions was reflected in the stronger growth of employment, lower retrenchments and lower unemployment rate. Additionally, after a sharp contraction in 2009, private investment rebounded strongly to register a double-digit growth in 2010, reflecting the expansion of capital spending across all sectors, particularly the manufacturing, mining and services sectors, following favourable domestic economic conditions amidst an improvement in external demand. The public sector continued to play a crucial role in supporting the domestic economy during the year through the implementation of programmes to further enhance infrastructure and the public sector delivery system. External demand rebounded strongly in the first half of the year, underpinned by strong regional demand and to some extent, the low base effect. However, the growth momentum softened in the second half-year, in tandem with the moderation in global trade and a diminishing base effect.

On the supply side, all economic sectors registered strong performance in 2010, in line with the robust domestic demand and rebound in exports. The services sector in particular, benefitted from the strengthening of both domestic and external demand, and remained as the largest contributor to growth. All services sub-sectors recorded higher growth in the first half-year but growth moderated in the second half following the slowdown in external demand, which affected the trade- and manufacturing-related services sub-sectors. Nevertheless, the sustained expansion in domestic consumption, continued to benefit the sub-sectors that are dependent on domestic demand. The manufacturing sector recovered firmly, with the electronics and electrical cluster and domestic-oriented industries registering double-digit growth rates. The pace of growth, however, moderated towards year-end due to slower external demand and the diminishing base effect. Similarly, the commodity sectors expanded at a stronger pace in 2010, supported by sustained high production of natural gas and food crops. The construction sector moderated due partly to the slower growth in the second half-year following the completion of projects financed by the second stimulus package.

*(Source: BNM Annual Report 2010)*

### 8.2 Outlook for the Malaysian Economy in 2011

Following the strong performance in 2010, the Malaysian economy is projected to grow at 5-6% in 2011, supported mainly by continued expansion in domestic demand. Whilst external demand is expected to moderate in 2011, the growth contribution of net exports would turn around to be positive amid a larger trade surplus on sustained commodity exports to the Asian region.

Domestic demand is expected to maintain a strong growth momentum, driven mainly by a robust expansion in private sector activity. Private consumption will be supported by favourable labour market conditions, higher disposable incomes and sustained customer confidence. The employment situation is anticipated to improve, particularly with higher job creation in the domestic-oriented manufacturing and services sectors. The expectation for further increases in sector salaries and continued high commodity prices will raise incomes of households. In addition, access to credit will also provide support to household spending in 2011. Private investment is expected to remain strong and contribute favourably to growth. This will be supported by capital spending by the domestic-oriented industries given the high levels of capacity utilisation and positive business confidence, as well as the implementation of key initiatives announced by the Government under the Economic Transformation Programme. Meanwhile, the public sector will remain supportive to growth, with higher capital spending projected in the second half of 2011. This is attributable mainly to the implementation of new projects and the acceleration of ongoing projects to promote private sector activity.

All economic sectors are projected to expand firmly in 2011, supported by the continued growth of domestic demand. The services and manufacturing sectors are expected to expand, albeit at a more moderate pace given the high statistical base of 2010. The services sector will remain the largest contributor to growth, driven by the domestic demand-oriented sub-sectors, particularly wholesale and

retail trade, finance and insurance, and communication. The trade- and manufacturing-related sub-sectors, however, are expected to grow at a moderate pace, in line with the expected moderation in external demand. A similar moderation in growth is also anticipated for the export-oriented industries in the manufacturing sector. In particular, the E&E cluster will experience a slower growth following the strong rebound in 2010. Nevertheless, growth in the domestic-oriented industries will continue to provide support to the manufacturing sector. In addition, growth in the primary sector is projected to strengthen, benefitting from the expected turnaround in industrial crop production amid high commodity prices, and higher natural gas output following the opening of two new gas fields. Further progress in on-going infrastructure projects and new projects due for implementation under the Economic Transformation Programme will provide impetus for the construction sector.

*(Source: BNM Annual Report 2010)*

### **8.3 Overview of the Services Sector**

The services sector registered a higher growth of 6.8% in 2010 (2009: 2.6%), with robust growth across all sub-sectors, amid the strengthening of both domestic and external demand. The services sector was the largest contributor to growth, contributing 3.9 percentage points to overall GDP growth. The sector expanded by 7.9% in the first half of the year, driven by higher growth in all sub-sectors, particularly the finance and insurance; wholesale and retail trade; communication; and transport and storage sub-sectors. In the second half, growth moderated to 5.8%, in response to the slowdown in external demand which affected the trade- and manufacturing-related services sub-sectors. The expansion in domestic consumption activity, nevertheless, continued to benefit the services sub-sectors that are dependent on domestic demand, particularly the wholesale and retail trade; and communication sub-sectors.

The finance and insurance sub-sector grew by 6.1% (2009: 5.1%) as a result of increased net interest and fee-based incomes in the finance segment, which benefited from higher loan growth and the vibrant capital market during the year. In addition, the rise in premium income in the insurance segment lent further support to growth.

The services sector will remain the largest contributor to growth in 2011, with a projected growth rate of 5.9% (2010: 6.8%). All sub-sectors are expected to expand further, to be driven by sub-sectors that are dependent on domestic demand such as wholesale and retail trade, finance and insurance, and communication. Reflecting the slower external demand, the trade- and manufacturing-related sub-sectors are expected to grow at a more moderate pace.

Growth in the finance and insurance sub-sector is expected to remain strong, driven mainly by the finance segment, as bank lending would continue to grow in tandem with higher consumer spending and business expansion activity. The anticipated increase in capital market activity would contribute favourably to the fee-based income of banking institutions. In the insurance segment, growth is expected to emanate mainly from the life segment, in line with rising disposable income and improved public awareness on financial planning.

As outlined in the Economic Transformation Programme (ETP), more aggressive efforts to attract investment are being proposed and implemented. In particular, investment in the services sector are expected to be higher, indicating its growing importance as reflected by services sub-sectors being identified in seven out of twelve National Key Economic Areas (NKEAs) in the ETP. These include higher value-added activity in the financial services, business services, wholesale and retail trade, education, healthcare, tourism-related industries and communication services. Going forward, given the appropriate combination of pro-growth policies, attractive incentive packages and liberalisation measures, as well as a vibrant external environment, private investment is expected to become an important catalyst for the growth and transformation of Malaysia towards a high-income, high value-added economy. With prioritised government support including funding and recruitment of top talent, the NKEAs are expected to provide enormous spin-off business opportunities for the SMIs, which are Pac Lease's core and niche market sectors.

*(Source: BNM Annual Report 2010))*

RELEVANT PARTIES
------------------

**THE ISSUER**

**Pac Lease Berhad**  
(Company No. 386653-K)

Registered Address:  
Level 19, Menara Prudential  
No. 10, Jalan Sultan Ismail  
50250 Kuala Lumpur

Business Address:  
Level 28, Menara Haw Par  
No. 10, Jalan Sultan Ismail  
50250 Kuala Lumpur

**JOINT PRINCIPAL ADVISERS / JOINT LEAD ARRANGERS**

**AmInvestment Bank Berhad**  
(Company No. 23742-V)  
Level 22, Bangunan Ambank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

**OCBC Bank (Malaysia) Berhad**  
(Company No. 295400-W)  
Level 13, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

**FACILITY AGENT**

**OCBC Bank (Malaysia) Berhad**  
(Company No. 295400-W)  
Level 13, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

**TRUSTEE**

**AmTrustee Berhad**  
(Company No. 163032-V)  
Level 15, Menara Merai  
No. 1, Jalan 19/3  
Petaling Jaya  
46300 Selangor

**RATING AGENCY**

**RAM Rating Services Berhad**  
Suite 20.01, Level 20  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

**SOLICITOR**

**Messrs Adnan Sundra & Low**  
Level 11, Menara Olympia  
No. 8, Jalan Raja Chulan  
50200 Kuala Lumpur

**DEPOSITORY AND PAYING AGENT**

**Bank Negara Malaysia**  
Jalan Dato' Onn  
P.O. Box 10922  
50929 Kuala Lumpur

## **APPENDIX I**

**AUDITED ACCOUNTS OF THE ISSUER FOR  
FYE 2008, 2009 & 2010**



**APPENDIX II**

**RATING REPORT**