

CHUAN HUP HOLDINGS LIMITED
(Company Registration No.:197000572R)
(Incorporated in the Republic of Singapore)

MANDATORY CONDITIONAL CASH OFFER FOR PCI LIMITED

1. INTRODUCTION

- 1.1 **Mandatory Offer.** The Board of Directors of Chuan Hup Holdings Limited (the “**Company**” or “**CHH**” and together with its subsidiaries, “**CHH Group**”) refers to the offer announcement (the “**Offer Announcement**”) released today in relation to the mandatory conditional cash offer (the “**Offer**”) by CIMB Bank Berhad, Singapore Branch (“**CIMB**”), for and on behalf of the Company, to acquire all the issued ordinary shares (“**PCI Shares**”) of PCI Limited (“**PCI**”) other than those already owned, controlled or agreed to be acquired by the Company (the “**Offer Shares**”). A copy of the Offer Announcement is attached as an Appendix to this Announcement.
- 1.2 **Market Purchases.** On 5 May 2011, the Company acquired 13,464,000 PCI Shares, representing approximately 6.77 per cent. of the total number of issued PCI Shares¹ from the open market (the “**Market Purchases**”). Such PCI Shares were acquired for an aggregate consideration of approximately S\$6.7 million at purchase prices of between S\$0.485 and S\$0.50 per PCI Share.
- 1.3 **Mandatory Offer.** Between 18 and 22 November 2010, the Company had acquired a total of 1,893,000 PCI Shares (the “**November Purchases**”) which increased the Company’s shareholding in PCI to an aggregate of 70,933,000 PCI Shares representing approximately 35.67 per cent. of the total number of issued PCI Shares. As a result of the Market Purchases, the Company will have, together with the November Purchases, acquired a total of 15,357,000 PCI Shares (representing approximately 7.72 per cent. of the total number of issued PCI Shares) in the last six months leading up to the date of this Announcement and therefore, the Company is required to make the Offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”). As at the date of this Announcement, the Company holds an aggregate of 84,397,000 PCI Shares representing approximately 42.4% of the issued share capital of PCI.
- 1.4 **Financial Adviser.** The Company has appointed CIMB as its financial adviser in respect of the Offer.

2. THE OFFER

- 2.1 **Offer Terms.** The Company will make the Offer subject to and upon the following principal terms and conditions:
- 2.1.1 The Offer will be made for the Offer Shares in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, Rule 14 of the Code and

¹ In this Announcement, the total number of issued PCI Shares is 198,884,000 based on the business profile of PCI extracted from the Accounting and Corporate Regulatory Authority of Singapore as at the date of this Announcement.

subject to the terms and conditions set out in the Offer Document to be issued by CIMB for and on behalf of the Company in connection with the Offer.

2.1.2 The Offer, when made, will be on the following basis:

For each Offer Share: S\$0.50 in cash (the "Offer Price").

2.1.3 The Offer Shares are to be acquired (a) fully-paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the date of the Offer Announcement and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by PCI on or after the date of the Offer Announcement together with all interest accrued thereon). **If any dividend, other distribution or return of capital is declared, made or paid on or after the date of the Offer Announcement by PCI, the Company reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.**

2.1.4 The Offer will be extended, on the same terms and conditions, to all new PCI Shares unconditionally issued or to be issued pursuant to the valid exercise (if any) prior to the close of the Offer of any options (each, an "**Option**") to subscribe for new PCI Shares granted under the PCI Employee Share Option Scheme (the "**Option Scheme**"). For the purpose of the Offer, the expression "Offer Shares" shall include such new PCI Shares. As at the date of the Offer Announcement, based on the latest information available to the Company², there are 245,000 outstanding Options granted under the Option Scheme. Save as disclosed, the Company is not aware of any other outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in PCI.

2.1.5 The Offer will also be extended, on the same terms and conditions, to all the issued PCI Shares owned, controlled or agreed to be acquired by parties acting in concert with the Company in connection with the Offer.

2.2 **Conditional Offer.** The Offer, when made, will be conditional upon the Company having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares, which when taken together with the PCI Shares owned, controlled or agreed to be acquired by the Company and the parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Company and the parties acting in concert with it holding such number of PCI Shares carrying more than 50 per cent. of the voting rights attributable to the issued PCI Shares (excluding any PCI Shares held in treasury) as at the close of the Offer (including any voting rights attributable to the PCI Shares unconditionally issued or to be issued pursuant to the valid exercise of any outstanding Options prior to the close of the Offer).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Company has received valid acceptances in respect of such number of Offer Shares which, when taken together with the PCI Shares owned, controlled or agreed to be acquired by the

² Based on the latest announcement of the unaudited consolidated results of PCI for the period ended 31 March 2011

Company and the parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Company and the parties acting in concert with it holding such number of PCI Shares carrying more than 50 per cent. of the voting rights attributable to the maximum potential issued share capital of PCI. For this purpose, the "**maximum potential issued share capital of PCI**" means the total number of PCI Shares which would be in issue had all the outstanding Options which are exercisable prior to the close of the Offer (if any) been validly exercised as of the date of such declaration, excluding any PCI Shares held in treasury.

The Offer will be unconditional in all other respects.

- 2.3 **Options.** As the Options are not transferable under the terms of the Option Scheme, the Company will not be making an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all PCI Shares issued pursuant to the valid exercise of the Options on or prior to the close of the Offer).

3. INFORMATION ON PCI

PCI was incorporated in Singapore on 8 December 1988 and was listed on the Sesdaq of SGX-ST on 11 May 1992 and transferred to the Mainboard of the SGX-ST on 11 May 1995. As at the date of this Announcement, PCI has an issued and paid-up capital of approximately S\$74,973,270 comprising 198,884,000 issued PCI Shares.

PCI is an electronics manufacturing services company engaged in the assembly of printed circuit board, customer interface design and manufacture, and full turnkey electronics manufacturing.

4. RATIONALE FOR THE OFFER

The Offer is being made to comply with Rule 14 of the Code.

The Company is of the view that the Offer is an opportunity for the Company to acquire an increased stake in PCI as part of its strategic investments. The Company has been a substantial shareholder in PCI since its incorporation. Given the historical ties, the Company wishes to increase its shareholding interest in PCI and establish it as a core business of the CHH Group.

It is envisaged that PCI will continue operating in its present form after the Offer. The Company does not intend to make changes to the management team of PCI. In the event that it obtains statutory control of PCI, the Company would wish to participate with the Board and management of PCI in undertaking a strategic and operational review of PCI's business.

The Company currently has no plans for any material changes to (a) the business of PCI, (b) the deployment of the fixed assets of PCI, or (c) the employment of the employees of PCI, other than in the ordinary course of business.

Nonetheless, the Company retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Company and/or PCI.

It is the present intention of the Company to maintain the listing status of PCI on the SGX-ST. However, in the event the trading of PCI Shares is suspended at the close of the Offer pursuant to the rules of the Listing Manual, the Company reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable), depending on, *inter alia*, the ultimate level of acceptances received by the Company and the prevailing market conditions at the relevant time.

5. OFFER CONSIDERATION

5.1 **Aggregate Consideration.** Based on the Offer Price and the assumptions set out below in relation to the Offer, the maximum consideration payable by the Company for the Offer Shares under the Offer is approximately S\$57.4 million ("**Aggregate Consideration**"):

- (a) all outstanding and exercisable Options are exercised prior to the close of the Offer;
- (b) no new Options are granted prior to the close of the Offer;
- (c) no new PCI Shares are issued by PCI (other than pursuant to the exercise of outstanding and exercisable Options) prior to the close of the Offer; and
- (d) the Company receives, by the close of the Offer, valid acceptances for all of the Offer Shares.

5.2 **Basis for arriving at the Offer Price.** In arriving at the Offer Price, the Company had taken into consideration, *inter alia*, (a) the historical and prevailing market price of PCI Shares, (b) the historical financial position and performance of PCI and (c) the premium to acquire statutory control of PCI. The Offer Price represents:

- (i) a premium of approximately 4.2% over the last transacted price of S\$0.480 per PCI Share on 4 May 2011 (being the last market day on which PCI Shares were traded prior to the date of this Announcement);
- (ii) a premium of approximately 0.2% over the volume weighted average transacted price ("**VWAP**") of S\$0.499 per PCI Share for the period from 5 April 2011 to 4 May 2011 (being the one-month period prior to the date of this Announcement);
- (iii) a premium of approximately 3.3% over the VWAP of S\$0.484 per PCI Share for the period from 5 February 2011 to 4 May 2011 (being the three-month period prior to the date of this Announcement);
- (iv) a premium of approximately 11.9% over the VWAP of S\$0.447 per PCI Share for the period from 5 November 2010 to 4 May 2011 (being the six-month period prior to the date of this Announcement);
- (v) an implied price to earnings ratio of 8.69 times based on the latest audited consolidated earnings per PCI Share of US\$0.0409 for the financial year ended 30 June 2010 (based on an average exchange rate of US\$1:S\$1.406 for the financial year ended 30 June 2010); and

(vi) an implied price to net asset value (“NAV”) ratio of 1.01 times based on the latest unaudited NAV per PCI Share of US\$0.3921 as at 31 March 2011 (based on an exchange rate of US\$1:S\$1.260 as at 31 March 2011).

5.3 **Funding for the Offer.** The acquisition of the Offer Shares will be funded by way of internal cash resources of the Company and bank borrowings obtained by the Company for purposes of the Offer. In this regard, the Company has obtained a loan facility of up to S\$35 million from Oversea-Chinese Banking Corporation Limited to partially fund acceptances under the Offer. CIMB, as the Financial Adviser to the Company in connection with the Offer, has confirmed that sufficient financial resources are available to the Company to satisfy the full acceptance of the Offer.

5.4 **Value of PCI Shares.** Based on the latest announced unaudited results of PCI for the nine months ended 31 March 2011, both the net tangible asset (“NTA”) and NAV per PCI Share is US\$0.3921. The last transacted price of PCI Shares on the SGX-ST on 4 May 2011 (being the last market day on which PCI Shares were traded prior to the date of this Announcement) was S\$0.480 per PCI Share.

5.5 **Net Profits of PCI.** Based on the latest announced unaudited results of PCI for the nine months ended 31 March 2011, the profit before income tax, minority interests and extraordinary items attributable to the PCI Shares to be acquired (assuming full acceptances under the Offer) is US\$12.929 million.

5.6 **CHH’s quoted investments.** The table below provides details of CHH Group’s quoted investments as at 30 June 2010 before and after adjustment for the Offer (assuming the Company acquires all the Offer Shares):

	As at 30 June 2010	After the Offer
Aggregate cost of quoted investments (US\$’000) ⁽¹⁾	88,362	71,583 ⁽²⁾
Aggregate cost of quoted investments as a % of NTA ⁽³⁾	37.75%	30.58%
Aggregate market value of quoted investments (US\$’000) ⁽¹⁾	146,953	126,961 ⁽²⁾
Aggregate amount of provision for diminution in value of investments (US\$’000) ⁽¹⁾	39,902	38,811

Notes:

- (1) Consisting of held-for-trading investments and available-for-sale assets comprising quoted equity securities. As at 30 June 2010, CHH Group does not have any investments in quoted debt securities.
- (2) At present, PCI is classified as an available-for-sale asset in the financial statements of the Company and not as an associate company of the Company. Assuming the Offer turns unconditional and the Company has more than 50% shareholding interest in PCI, CHH’s total quoted investments in PCI will be reclassified from an available-for-sale asset to that of a

subsidiary and the Company would consolidate the results of PCI going forward. Correspondingly, the aggregate cost and the market value of the quoted investments of CHH Group will reduce as a result.

(3) Based on the latest audited consolidated NTA of CHH Group as at 30 June 2010.

6. CHAPTER 10 OF THE LISTING MANUAL

6.1 **Major Transaction.** Rule 1013 of the Listing Manual provides that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20 per cent., the transaction is classified as a major transaction and requires the approval of shareholders of the Company (“**Shareholders**”) under Rule 1014 of the Listing Manual.

6.2 **Relative Figures for the Offer.** Assuming that the Company acquires all the Offer Shares, the relative figures for the Offer computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the Listing Manual, are as follows:

Rule 1006	Bases	Percentage (%)
(a)	NAV of the Offer Shares to be disposed of, compared with the consolidated NAV of CHH Group	Not applicable for acquisitions
(b)	Net profits attributable to the Offer Shares to be acquired compared with the net profits of CHH Group ⁽¹⁾	63.85
(c)	Aggregate amount of consideration payable for the Offer Shares to be acquired ⁽²⁾ compared with the market capitalisation of the Company ⁽³⁾	27.93
(d)	Number of ordinary shares in the Company (“ CHH Shares ”) to be issued compared with the number of CHH Shares previously in issue	Not applicable as no CHH Shares will be issued

Notes:

- (1) Net profit is defined as profit before taxation, minority interests and extraordinary items. Assuming the Offer turns unconditional, the Company will consolidate the results of PCI and the consolidated net profits attributable to the Offer Shares are approximately US\$12.929 million, while the consolidated net profits of the CHH Group are approximately US\$20.250 million, based on the latest announced consolidated financial statements of PCI and CHH Group for the nine-month period ended 31 March 2011, respectively. At present, PCI is classified as an available-for-sale asset and not as an associate company of the Company, and as such, CHH Group does not equity account or consolidate the results of PCI in its consolidated financial statements. Instead, only dividends from PCI are recognized in the profit and loss statement of CHH Group, while the shareholding in PCI is recorded on CHH Group’s balance sheet at fair value.
- (2) Based on the Aggregate Consideration.
- (3) Assuming that the market capitalisation of the Company is S\$205,377,139, based on the 1-day VWAP of S\$0.220 for each CHH Share and 933,532,450 CHH Shares in issue on the market day immediately before the date of this Announcement.

As the relative figures computed on the bases set out in Rule 1006(b) and Rule 1006(c) exceed 20 per cent., the Offer, if made, would constitute a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of the Shareholders at a general meeting of the Shareholders (or any adjournment thereof) (the “**EGM**”), unless waived or exempted by the SGX-ST.

7. WAIVER APPLICATION

7.1 Application. The Company made an application to the SGX-ST to seek a waiver (the “**Waiver**”) of the requirement to convene an EGM to seek Shareholders’ prior approval under Rule 1014(2) of the Listing Manual in connection with the Offer and sought the SGX-ST’s approval for the Company to seek Shareholders’ ratification of the Offer at an EGM after the Offer has been made.

7.2 Reasons for the Waiver application. If the Company had to first convene the EGM to seek Shareholders’ approval before making the Offer, then the Company would have to announce a pre-conditional voluntary cash offer for PCI (the “**Pre-Conditional Offer Announcement**”), with the sole pre-condition being the obtaining of Shareholders’ approval before the making the Offer. In such a scenario, the offer timetable prescribed by the Code will be lengthened as the Company would need to convene the EGM, which would require a 14-day notice period, excluding the day on which notice is served, under the Company’s articles of association before the EGM can be held.

By allowing the Company to ratify the Offer after the Offer has been made, the Offer timetable will not be unduly lengthened and any risks that the Company may have to take in relation to the Offer being unsuccessful (because of a lengthened timeline) would be reduced or eliminated. The Company believes this would also be in the best interests of the Shareholders, as an unsuccessful Offer would mean that the costs incurred and the time spent by the Company in relation to the Offer would be wasted.

In addition, the outcome of the EGM is certain as Mr. Peh Kwee Chim (“**PKC**”), who holds more than 50 per cent. of the voting shares in the Company and is not precluded from voting, has indicated that he will vote in favour of approving the making of the Offer by the Company, if the EGM is required. In this regard, PKC is also willing to give an irrevocable undertaking to the Company not to dispose any CHH Shares before the EGM and to vote in favour of any and all resolutions required to be passed at the EGM for the Company to make and implement the Offer.

7.3 SGX-ST Waiver. The Company is pleased to announce that on 12 April 2011, the SGX-ST had approved the Company’s application for the Waiver, subject to the following conditions:

- (a) Unanimous approval of the directors of the Company (“**Directors**”) on the Offer;
- (b) Submission of a written undertaking from the Company that it will seek Shareholders’ ratification of the Offer at an EGM;
- (c) PKC providing a written undertaking to the Company to vote in favour of approving the Offer by the Company at the EGM to be convened;

- (d) PKC providing a written undertaking to the Company that he will not dispose his equity stake in the Company before and up to the date of the EGM;
- (e) Announcement via SGXNET of:-
 - (i) The grant of waiver of Rule 1014(2) of the Listing Manual (in compliance with Rule 107 of the Listing Manual), stating the reasons for the Company's application and the conditions attached to the waiver;
 - (ii) full details of the Offer, including information required under Rule 1010 of the Listing Manual; and
 - (iii) unanimous approval of the Directors on the Offer.

7.4 **Unanimous Approval.** The Directors, after having considered the rationale for the Offer, have unanimously approved the Offer.

7.5 **Written Undertaking from the Company.** The Company has provided a written undertaking dated 5 May 2011 (the "**Written Undertaking**") pursuant to which the Company will seek Shareholders' ratification of the Offer at an EGM.

7.6 **Irrevocable Undertaking from PKC.** The Company has received an irrevocable undertaking dated 5 May 2011 (the "**Irrevocable Undertaking**") from PKC, pursuant to which PKC has undertaken to:

- (a) vote or procure the voting of, all the ordinary shares in the capital of the Company that he holds legally and/or beneficially in favour of the making of the Offer and any other matters necessary or proposed in relation to the Offer at the EGM; and
- (b) he will not dispose his shareholding in the Company before and up to the date of the EGM.

8. CIRCULAR TO SHAREHOLDERS AND EGM

A circular to Shareholders containing, *inter alia*, further information on the Offer and the notice to convene the EGM will be despatched by the Company to Shareholders in due course.

9. FINANCIAL EFFECTS OF THE OFFER

At present, PCI is classified as an available-for-sale asset in the financial statements of the Company and not as an associate company of the Company, and as such, CHH Group does not equity account the results of PCI in its consolidated financial statements. Instead, only dividends from PCI are recognized in the profit and loss statement of the CHH Group, while the shareholding in PCI is recorded on CHH Group's balance sheet at fair value. Assuming the Offer turns unconditional and the Company has more than 50 per cent. shareholding interest in PCI, CHH Group would consolidate the results of PCI going forward.

For illustrative purposes only, a summary of the financial effects of the Offer on CHH Group is set out below. The said financial effects do not represent a projection of the actual financial performance or position of CHH Group after the close of the Offer.

The financial effects of the Offer on CHH Group's consolidated earnings per CHH Share ("EPS") and consolidated NAV per CHH Share, are set out below, and have been prepared using the respective audited consolidated financial statements of CHH Group and PCI for the financial year ended 30 June 2010, and are based on the following key assumptions:

- (a) The Company acquires all the Offer Shares and owns 100 per cent. of PCI;
- (b) All of the Offer Shares were acquired at the Offer Price;
- (c) the Offer had been completed on 1 July 2009 (being the beginning of the most recently completed financial year of the Company) for the purpose of computing the financial effects on the consolidated EPS;
- (d) the Offer had been completed on 30 June 2010 (being the end of the most recently completed financial year of the Company) for the purpose of computing the financial effects on the consolidated NAV per CHH Share (CHH Group had negligible intangible assets while PCI had no intangible assets based on the respective latest audited financial statements of both companies);
- (e) the financial effects computation below have taken into account estimated transaction and borrowing costs of approximately US\$1 million (net of tax at 17 per cent.);
- (f) the assets and liabilities of PCI are based on their respective book values and no fair valuation exercise has been undertaken in respect of such assets and liabilities; and
- (g) there is no impact on the profit and loss of CHH Group as a result of any goodwill arising from the Offer.

Effect on EPS

	Financial Year Ended 30 June 2010	After the Offer
Consolidated Earnings (US\$'000)⁽¹⁾	9,629	16,274
Weighted Average No. of CHH Shares (Diluted)	961,642	961,642
EPS (Diluted) (US\$)	0.010	0.017

Note:

- (1) Profit after taxation and minority interests.

Effect on NAV per CHH Share

	As at 30 June 2010	After the Offer
NAV (US\$'000) ⁽¹⁾	234,069	237,887
No. of Issued CHH Shares	933,886	933,886
NAV per CHH Share (US\$)	0.251	0.255

Note:

- (1) For the purpose of computing the financial effects on NAV above, the relevant figures (in particular, the Aggregate Consideration and the adjustment to the fair value of the Company's existing shareholdings in PCI arising from the Offer) have been translated from S\$ to US\$ at the exchange rate of US\$1:S\$1.3986, being the exchange rate used in translating relevant items on the audited consolidated balance sheet of CHH Group and PCI as at 30 June 2010.

10. FURTHER INFORMATION RELATING TO THE OFFER

- 10.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Offer. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 10.2 **Interest of Directors and Substantial Shareholders.** As at the date of this Announcement, PKC, who holds an interest in 50.83 per cent. of the voting shares in the Company and an Executive Director of the Company, is also the Executive Chairman of PCI. Dr Tan Cheng Bock, the Chairman of the Company, is also a non-executive and independent director of PCI. Prof. Tan Cheng Han, S.C., a director of the Company, holds 40,000 PCI Shares.

Save as disclosed above, none of the Directors and/or Substantial Shareholders of the Company has any interest (direct and deemed) in PCI and the Offer.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company (including those who may have delegated supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from PCI, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD

Valerie Tan
Company Secretary
Singapore, 5 May 2011

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of PCI or the Company should not place undue reliance on such forward-looking statements, and neither the Company nor CIMB undertakes any obligation to update publicly or revise any forward-looking statements.

The Appendix

MANDATORY CONDITIONAL CASH OFFER

by



CIMB BANK BERHAD (13491-P)

Singapore Branch
(Incorporated in Malaysia)

for and on behalf of

CHUAN HUP HOLDINGS LIMITED

(Company Registration No.: 197000572R)
(Incorporated in the Republic of Singapore)

to acquire all the issued ordinary shares of

PCI LIMITED

(Company Registration No.: 198804482N)
(Incorporated in the Republic of Singapore)

1. INTRODUCTION

- 1.1 **The Offer.** CIMB Bank Berhad, Singapore Branch (“**CIMB**”) wishes to announce, for and on behalf of Chuan Hup Holdings Limited (the “**Offeror**”), that the Offeror intends to make a mandatory conditional cash offer (the “**Offer**”) to acquire all the issued ordinary shares (“**PCI Shares**”) of PCI Limited (“**PCI**”), other than the PCI Shares already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”).
- 1.2 **Market Purchases.** On 5 May 2011, the Offeror acquired 13,464,000 PCI Shares, representing approximately 6.77 per cent. of the total number of issued PCI Shares³ from the open market (the “**Market Purchases**”). The highest price paid for the PCI Shares under the Market Purchases was S\$0.50 per PCI Share.
- 1.3 **Mandatory Offer.** Between 18 and 22 November 2010, the Offeror had acquired a total of 1,893,000 PCI Shares (the “**November Purchases**”) which increased the Offeror’s shareholding in PCI to an aggregate of 70,933,000 PCI Shares representing approximately 35.67 per cent. of the total number of issued PCI Shares. As a result of the Market Purchases, the Offeror will have, together with the November Purchases, acquired a total of 15,357,000 PCI Shares (representing approximately 7.72 per cent. of the total number of issued PCI Shares) in the last six months leading up to the date of this Announcement and therefore, the Offeror is required to make the Offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

³ In this Announcement, the total number of issued PCI Shares is 198,884,000 based on the business profile of PCI extracted from the Accounting and Corporate Regulatory Authority of Singapore as at the date of this Announcement.

2. THE OFFER

2.1 **Offer Terms.** The Offeror will make the Offer subject to and upon the following principal terms and conditions:

2.1.1 The Offer will be made for the Offer Shares in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, Rule 14 of the Code and subject to the terms and conditions set out in the Offer Document to be issued by CIMB, for and on behalf of the Offeror, in connection with the Offer.

2.1.2 The Offer, when made, will be on the following basis:

For each Offer Share: S\$0.50 in cash (the "Offer Price").

2.1.3 The Offer Shares are to be acquired (a) fully-paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by PCI on or after the date of this Announcement together with all interest accrued thereon). **If any dividend, other distribution or return of capital is declared, made or paid on or after the date of this Announcement by PCI, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.**

2.1.4 The Offer will be extended, on the same terms and conditions, to all new PCI Shares unconditionally issued or to be issued pursuant to the valid exercise (if any) prior to the close of the Offer of any options (each, an "**Option**") to subscribe for new PCI Shares granted under the PCI Employee Share Option Scheme (the "**Option Scheme**"). For the purpose of the Offer, the expression "Offer Shares" shall include such new PCI Shares. As at the date of this Announcement, based on the latest information available to the Offeror⁴, there are 245,000 outstanding Options granted under the Option Scheme. Save as disclosed, the Offeror is not aware of any other outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in PCI.

2.1.5 The Offer will also be extended, on the same terms and conditions, to all the issued PCI Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror in connection with the Offer.

⁴ Based on the latest announcement of the unaudited consolidated results of PCI for the period ended 31 March 2011

- 2.2 **Conditional Offer.** The Offer, when made, will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares, which when taken together with the PCI Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the parties acting in concert with it holding such number of PCI Shares carrying more than 50 per cent. of the voting rights attributable to the issued PCI Shares (excluding any PCI Shares held in treasury) as at the close of the Offer (including any voting rights attributable to the PCI Shares unconditionally issued or to be issued pursuant to the valid exercise of any outstanding Options prior to the close of the Offer).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the PCI Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the parties acting in concert with it holding such number of PCI Shares carrying more than 50 per cent. of the voting rights attributable to the maximum potential issued share capital of PCI. For this purpose, the “**maximum potential issued share capital of PCI**” means the total number of PCI Shares which would be in issue had all the outstanding Options which are exercisable prior to the close of the Offer (if any) been validly exercised as of the date of such declaration, excluding any PCI Shares held in treasury.

The Offer will be unconditional in all other respects.

- 2.3 **Options.** As the Options are not transferable under the terms of the Option Scheme, the Offeror will not be making an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all PCI Shares issued pursuant to the valid exercise of the Options on or prior to the close of the Offer).

3. **BENCHMARKING THE OFFER**

The Offer Price was determined after taking into account, *inter alia*, (a) the historical and prevailing market price of PCI Shares, (b) the historical financial position and performance of PCI and (c) the premium to acquire statutory control of PCI. The Offer Price represents:

- (i) a premium of approximately 4.2% over the last transacted price of S\$0.480 per PCI Share on 4 May 2011 (being the last market day on which PCI Shares were traded prior to the date of this Announcement);
- (ii) a premium of approximately 0.2% over the volume weighted average transacted price (“**VWAP**”) of S\$0.499 per PCI Share for the period from 5 April 2011 to 4 May 2011 (being the one-month period prior to the date of this Announcement);
- (iii) a premium of approximately 3.3% over the VWAP of S\$0.484 per PCI Share for the period from 5 February 2011 to 4 May 2011 (being the three-month period prior to the date of this Announcement);

- (iv) a premium of approximately 11.9% over the VWAP of S\$0.447 per PCI Share for the period from 5 November 2010 to 4 May 2011 (being the six-month period prior to the date of this Announcement);
- (v) an implied price to earnings ratio of 8.69 times based on the latest audited consolidated earnings per PCI Share of US\$0.0409 for the financial year ended 30 June 2010 (based on an average exchange rate of US\$1:S\$1.406 for the financial year ended 30 June 2010); and
- (vi) an implied price to net asset value (“NAV”) ratio of 1.01 times based on the latest unaudited consolidated NAV per PCI Share of US\$0.3921 as at 31 March 2011 (based on an exchange rate of US\$1:S\$1.260 as at 31 March 2011).

4. INFORMATION ON THE OFFEROR

The Offeror was incorporated in Singapore on 14 July 1970 and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 15 December 1983. As at the date of this Announcement, the Offeror has an issued and paid-up capital of approximately S\$266,932,343 comprising 933,532,450 issued shares. The Offeror is an investment holding company with investments in the following sectors: Marine, Property, Electronic Manufacturing Services and others.

5. INFORMATION ON PCI

PCI was incorporated in Singapore on 8 December 1988 and was listed on the Sesdaq of SGX-ST on 11 May 1992 and thereafter transferred to the Mainboard of the SGX-ST on 11 May 1995. As at the date of this Announcement, PCI has an issued and paid-up capital of approximately S\$74,973,270 comprising 198,884,000 issued PCI Shares.

PCI is an electronics manufacturing services company engaged in the assembly of printed circuit board, customer interface design and manufacture, and full turnkey electronics manufacturing.

6. RATIONALE FOR THE OFFER

The Offer is being made to comply with Rule 14 of the Code.

The Offeror is of the view that the Offer is an opportunity for the Offeror to acquire an increased stake in PCI as part of its strategic investments. The Offeror has been a substantial shareholder in PCI since its incorporation. Given the historical ties, the Offeror wishes to increase its shareholding interest in PCI and establish it as a core business of the Offeror.

7. THE OFFEROR'S INTENTIONS FOR PCI

It is envisaged that PCI will continue operating in its present form after the Offer. The Offeror does not intend to make changes to the management team of PCI. In the event that it obtains

statutory control of PCI, the Offeror would wish to participate with the Board and management of PCI in undertaking a strategic and operational review of PCI's business.

The Offeror currently has no plans for any material changes to (a) the business of PCI, (b) the deployment of the fixed assets of PCI, or (c) the employment of the employees of PCI, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Offeror and/or PCI.

8. LISTING STATUS

8.1 **Suspension of Trading.** Under Rule 1105 of the Listing Manual, in the event the Offeror and parties acting in concert with it should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the issued PCI Shares, the SGX-ST may suspend the listing of the PCI Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least ten per cent. of the issued PCI Shares are held by at least 500 shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued PCI Shares (excluding PCI Shares held as treasury shares), thus causing the percentage of issued PCI Shares (excluding PCI Shares held as treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of PCI Shares at the close of the Offer.

8.2 **Free Float.** Under Rule 724 of the Listing Manual, if the percentage of the total issued PCI Shares (excluding PCI Shares held as treasury shares) held in public hands falls below 10 per cent., PCI must as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the PCI Shares. Rule 725 of the Listing Manual states that the SGX-ST may allow PCI a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of PCI Shares in public hands to at least 10 per cent., failing which PCI may be delisted.

8.3 **Offeror's Intention.** It is the present intention of the Offeror to maintain the listing status of PCI on the SGX-ST. However, in the event the trading of PCI Shares is suspended pursuant to the abovementioned rules of the Listing Manual, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 9 of this Announcement below, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

9. COMPULSORY ACQUISITION

9.1 Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), in the event the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90 per cent. of the total number of issued PCI Shares (other than those already held by the Offeror, its related corporations or their respective nominees), the Offeror would be entitled to exercise the right to compulsorily acquire all the Offer Shares of the shareholders of PCI ("**PCI Shareholders**") who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price. In such event, the Offeror reserves its right to compulsorily acquire all the Offer Shares not acquired under the Offer.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Offer Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Offer Shares which, together with the PCI Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued PCI Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

10. OFFER DOCUMENT

The Offer Document will be despatched to the PCI Shareholders not earlier than 14 days and not later than 21 days from the date of this Announcement. **The Offeror intends to keep the Offer open for acceptances by PCI Shareholders for a period of at least 28 days from the date of posting of the Offer Document.**

11. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

11.1 **Holdings and Dealings in PCI Shares and Options.** As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, details of the holdings and dealings of the Offeror and parties acting in concert with it in PCI Shares and Options for the six-month period immediately preceding the date of this Announcement are set out in the Appendix to this Announcement.

11.2 **No Other Holdings and Dealings.** Save as disclosed in this Announcement and to the best of the Offeror's knowledge, information and belief, neither the Offeror nor any of the parties acting in concert with it (a) owns, controls or has agreed to acquire any PCI Shares or Options or other securities which carry voting rights in PCI or are convertible into PCI Shares or securities which carry voting rights in PCI, or rights to subscribe for, or options in respect of, PCI Shares or such securities as at the date of this Announcement, or (b) has dealt for value in any PCI Shares or Options during the six-month period immediately preceding the date of this Announcement.

11.3 **No Irrevocable Undertakings.** As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, neither the Offeror nor any person acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Offer.

11.4 **Confidentiality.** In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures on their shareholdings and dealings in the PCI Shares and Options will be made in the Offer Document.

12. CONFIRMATION OF FINANCIAL RESOURCES

CIMB confirms that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

13. OVERSEAS JURISDICTIONS

The availability of the Offer to the PCI Shareholders whose addresses are outside Singapore as shown in the register of members of PCI or, as the case may be, in the records of the Central Depository (Pte) Limited ("**Overseas PCI Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas PCI Shareholders should inform themselves about, and observe any applicable legal requirements. For the avoidance of doubt, the Offer will be made to all PCI Shareholders holding Offer Shares including those to whom the Offer Document and the relevant acceptance forms may not be sent. Further details in relation to Overseas PCI Shareholders will be contained in the Offer Document.

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any overseas jurisdiction in contravention of applicable law. The Offer, if made, will be made solely by the Offer Document and the forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain overseas jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

14. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from PCI, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by
CIMB Bank Berhad, Singapore Branch

for and on behalf of
Chuan Hup Holdings Limited
5 May 2011

Any inquiries relating to this Announcement or the Offer should be directed to the following persons:

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Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of PCI or the Offeror should not place undue reliance on such forward-looking statements, and neither the Offeror nor CIMB undertakes any obligation to update publicly or revise any forward-looking statements.

**THE APPENDIX
DETAILS OF HOLDINGS AND DEALINGS**

1. Holdings of PCI Securities

1.1 PCI Shares

As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, details of the holdings of the Offeror and parties acting in concert with it in PCI Shares (inclusive of PCI Shares acquired under the Market Purchases) are set out below:

Name	Number of PCI Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Offeror	84,397,000	42.44	-	-	84,397,000	42.44
Peh Kwee Chim*	-	-	84,397,000	42.44	84,397,000	42.44
Tan Cheng Han	40,000	0.02	-	-	40,000	0.02

*Deemed to have an interest by virtue of Section 7 of the Companies Act.

1.2 Options

As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, none of the Offeror and parties acting in concert with it hold any Options.

2. Dealings in PCI Securities.

2.1 PCI Shares

As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, details of the dealings of the Offeror and parties acting in concert with it in PCI Shares for the six-month period immediately preceding the date of this Announcement are set out below:

Name	Date	Number of PCI Shares Acquired	Transaction Price per Share (S\$)
The Offeror	22 November 2010	1,200,000	0.43
The Offeror	19 November 2010	323,000	0.43
The Offeror	18 November 2010	370,000	0.43
The Offeror	5 May 2011	13,464,000	Between 0.485 and 0.500

2.2 Options

As at the date of this Announcement and to the best of the Offeror's knowledge, information and belief, none of the Offeror and parties acting in concert with it have dealt in the Options for the six-month period immediately preceding the date of this Announcement.