

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

PROPOSED ACQUISITION OF 35 PIONEER ROAD NORTH, SINGAPORE 628475

I. INTRODUCTION

The board of directors (the "**Board**") of PCI Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 2 January 2015 entered into a conditional sale and purchase agreement (the "**Agreement**") with Amtek Precision Technology Pte. Ltd. (the "**Vendor**") for the acquisition of the piece of land including the building erected thereon known as 35 Pioneer Road North, Singapore 628475 (the "**Property**"), together with the Automatic Storage and Retrieval System installed in the warehouse located on the ground floor of the building erected on the Property (the "**Equipment**") (the "**Proposed Acquisition**").

2. INFORMATION ON THE PROPERTY

The Property covers a land area of approximately 7,688.70 square metres. The Property is held under a lease granted by the Jurong Town Corporation ("**JTC**") to the Vendor for a term of 30 years commencing from 1 May 1993 and expiring on 30 April 2023, with a covenant by JTC to grant a further term of 30 years from 1 May 2023 to 30 April 2053 (the "**further term**"), provided that the terms and conditions of the lease for the further term are met (the "**Lease**").

The Company had commissioned Associated Property Consultants Pte Ltd ("**APC**") to undertake a valuation of the Property. APC had valued the open market value of the Property at S\$22.5 million in their valuation report dated 2 January 2015.

3. CONSIDERATION

The aggregate consideration for the Proposed Acquisition of the Property and Equipment is S\$22.5 million (exclusive of goods and services tax) (the "**Consideration**").

The Consideration was determined pursuant to arm's length negotiations between the Company and the Vendor on a willing-buyer willing-seller basis, and was based, *inter alia*, on various commercial factors such as the location of the Property, the property market in the vicinity and prevailing market conditions, factors and indicatives.

The Consideration is payable in cash and will be financed by the Group through a combination of internal funds and bank borrowings.

The Company has paid to the Vendor an initial deposit of S\$229,000, representing approximately 1.0% of the Consideration (the "**Earnest Money**"). The Earnest Money forms part of the Consideration upon completion of the Proposed Acquisition. A further S\$2,021,000, representing approximately 9.0% of the Consideration, has been paid to the Vendor's solicitors upon execution of the Agreement and will be held by them as stakeholders pending completion of the Proposed Acquisition (the "**Completion**"). The balance of the Consideration, amounting to S\$20,250,000 and representing 90.0% of the Consideration, is payable to the Vendor on Completion.

4. CONDITIONALITY OF THE PROPOSED ACQUISITION

The Proposed Acquisition is conditional upon, *inter alia*:-

- (i) the JTC's in-principle written approval of the sale of the Property by the Vendor to the Company and the change of use of the Property to the Proposed Use (as defined below) having been obtained and not withdrawn as at the Completion and, if the JTC's approval is subject to any conditions, such conditions being reasonably acceptable to the Company and the Vendor;
- (ii) the approval of the shareholders of the Company of the Proposed Acquisition on the terms and subject to the conditions of the Agreement;
- (iii) the JTC's written confirmation to the Vendor that:-
 - (a) the Vendor has fulfilled the fixed investment criteria and is entitled to the further term, as referred to in the Lease; and
 - (b) the benefit of the further term will accrue to the Company on Completion, subject to the provisions of the Lease; and
- (iv) the in-principle approval of the relevant authority for the Company's electrical power requirements in accordance with the terms of the Agreement being obtained.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Board and the Company's management are of the view that the Proposed Acquisition is advantageous and will benefit the Group for the reasons stated below.

The Group intends to relocate to and use the Property as its new headquarters for its electronic manufacturing services, including design and development, materials engineering and qualification testing, manufacturing engineering and prototype production and testing services, as well as for its supply chain management and logistics services (the "**Proposed Use**").

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Assumptions

The financial effects of the Proposed Acquisition on the Group are set out below and are prepared purely for illustrative purposes only and do not reflect the actual future financial position and results of the Group after completion of the Proposed Acquisition. These financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2014 ("**FY2014**").

6.2 Net Tangible Assets ("**NTA**") per Share

	Before the Proposed Acquisition	Assuming completion of the Proposed Acquisition at the end of FY2014
NTA (US\$'000)	83,873	83,873
Number of Shares ('000)	199,099	199,099
NTA per share (US cents)	42.13	42.13

6.3 Earnings per Share

	Before the Proposed Acquisition	Assuming completion of the Proposed Acquisition at the beginning of FY2014
Profit after tax (US\$'000)	5,704	5,704
Number of Shares ('000)	199,099	199,099
Earnings per share (US cents)	2.86	2.86

7. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 September 2014, are as follows:-

Rule	Bases of calculation	Relative figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
1006(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable ⁽¹⁾
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares (US\$'000) Size of relative figure	17,021 ⁽²⁾ 26%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽³⁾
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:-

- (1) There is no profit attributable to the Proposed Acquisition.
- (2) Purchase consideration is based on exchange rate of S\$1: US\$0.7565 on 31 December 2014. The market capitalisation of the Company is based on 199,099,000 shares in issue on 31 December 2014 at the price of S\$0.435 per share (exchange rate of S\$1: US\$0.7565) transacted at 31 December 2014.
- (3) No equity securities are being issued by the Company as consideration for the Proposed Acquisition.

As the relative figure computed under Rule 1006 (c) of the Listing Manual exceeds 20%, the Proposed Acquisition would constitute a major transaction under Chapter 10 of the Listing Manual. The Proposed Acquisition is therefore subject to the approval of the shareholders at an extraordinary general meeting ("**EGM**") to be convened.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the completion of the Proposed Acquisition is conditional upon, *inter alia*, the approval from the Company's shareholders in respect of the Proposed Acquisition being obtained and are therefore advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company (other than in their capacity as directors or shareholders of the Company) have any interests (direct or indirect) in the Proposed Acquisition and/or the Agreement.

10. NO SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

11. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

The Company shall seek shareholders' approval for the Proposed Acquisition. A circular setting out the relevant information on the Proposed Acquisition, enclosing a notice of the EGM to be convened in connection therewith, will be despatched to shareholders in due course.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 386 Jalan Ahmad Ibrahim, Singapore 629156 for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Valerie Tan May Wei
Company Secretary
2 January 2015