

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

PAGANI HOLDING III LIMITED
(Company Registration No.: 345076)
(Incorporated in the Cayman Islands)

JOINT ANNOUNCEMENT

PROPOSED ACQUISITION BY PAGANI HOLDING III LIMITED OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF PCI LIMITED BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1. The Scheme.** The respective boards of directors of PCI Limited (the “**Company**”) and Pagani Holding III Limited (the “**Offeror**”) are pleased to announce the proposed acquisition (the “**Acquisition**”) by the Offeror, a special purpose company incorporated under the laws of the Cayman Islands, which is an indirect wholly-owned subsidiary of investment funds and entities affiliated with and advised by Platinum Equity Advisors, LLC (together with its subsidiaries, “**Platinum**”) of all the issued and paid-up ordinary shares in the Company (“**Shares**”). The Acquisition will be effected by way of a scheme of arrangement (the “**Scheme**”) pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and the Singapore Code on Take-overs and Mergers (the “**Code**”).
- 1.2. Implementation Agreement.** In connection with the Acquisition the Company and the Offeror have today entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
- 1.3. Scheme Consideration and Premium**

Scheme Consideration = <u>S\$1.33 in cash</u> for each Share

The Scheme Consideration represents a premium of approximately 60.1 per cent. (60.1%) over the volume weighted average price¹ (“**VWAP**”) of the Shares for the 12-month period up to and including 17 September 2018 (the “**Last Undisturbed Trading Day**”), being the last full trading day preceding the date the Company released the holding announcement in respect of a possible transaction, being 18 September 2018 (see paragraphs 9.1 and 10 of this Joint Announcement for details) of S\$0.831.

2. INFORMATION ON THE COMPANY

- 2.1.** The Company was listed on the then Sesdaq of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in May 1992. Its listing was transferred to the Mainboard of the SGX-ST in May 1995. The Company and its subsidiaries (collectively, the “**Group**”) are in the business of providing end-to-end electronics manufacturing services.

¹ VWAP is calculated as the total traded value of the Shares divided by the total volume of Shares traded, based on data extracted from Bloomberg L.P. which shows prices adjusted to reflect any changes in the share capital of the Company. VWAP is rounded to the nearest three decimal places.

- 2.2.** The board of directors of the Company comprises the following:
- (a) Mr. Peh Kwee Chim (Executive Chairman);
 - (b) Mr. Peh Siong Woon Terence (Executive Vice Chairman);
 - (c) Mr. Eldon Wan (Executive Director);
 - (d) Mr. Ho Soo Ching (Lead Independent Director);
 - (e) Mr. Lo Pang Foo Steven (Non-Executive, Independent Director); and
 - (f) Ms. Joanna Young Sau Kwan (Non-Executive, Independent Director).
- 2.3.** The Company's market capitalisation as at the close of market trading on the last full trading day (the "**Latest Practicable Date**") preceding the date of this Joint Announcement (the "**Announcement Date**"), was approximately S\$225 million.
- 2.4.** As at the Announcement Date, the Company has an issued and paid-up share capital of S\$75,031,320.00, comprising 199,099,000 Shares. As at the Announcement Date, there are no treasury shares held in the issued share capital of the Company.
- 2.5.** The Company is a subsidiary of Chuan Hup Holdings Limited ("**CHL**", and together with its subsidiaries, the "**CHL Group**"), which holds 152,701,506 Shares, representing approximately 76.70% of all the Shares, as at the Announcement Date. CHL was listed on the Mainboard of the SGX-ST in 1983. CHL is an investment company with a diversified portfolio of strategic investments across the electronics manufacturing services and property sectors.

3. INFORMATION ON PLATINUM AND THE OFFEROR

3.1. **Platinum.** Founded in 1995 by Tom Gores, Platinum is a global investment firm with US\$13 billion of assets under management and a portfolio of approximately 40 operating companies that serve customers around the world. Platinum specializes in mergers and operations – a trademarked strategy it calls M&A&O® – acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 22 years, Platinum has completed more than 250 acquisitions. In 2016, Platinum portfolio companies generated more than US\$24 billion of revenue.

3.2. The Offeror.

- (a) For the purpose of the Acquisition, the Offeror, a special purpose company, has been incorporated in the Cayman Islands on 15 November 2018 as a wholly-owned subsidiary of Pagani Holding II Limited ("**PH II**"), which is in turn wholly-owned by Pagani Holding Limited ("**PHL**"). Both PH II and PHL are companies incorporated with limited liability in the Cayman Islands, with their principal business activity being that of investment holding.

All the shares in PHL are held by PE Pagani Holding II Limited ("**PEPH II**") and in turn, all the shares of PEPH II are held by PE Pagani Holding Limited ("**PEPHL**"). Both PEPH II and PEPHL are companies incorporated in the United Kingdom, with their principal business activity being that of investment holding.

All the shares in PEPHL are owned by investment funds and entities affiliated with and advised by Platinum.

The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

- (b) As at the Announcement Date:
 - (i) the Offeror has a share capital of one (1) issued ordinary share of US\$0.01 and is wholly owned by PH II; and
 - (ii) the board of directors of each of the Offeror, PH II and PHL comprises the following, both of whom are employees of Platinum:
 - (A) Ms. Eva Monica Kalawski; and
 - (B) Ms. Mary Ann Sigler.
- (c) Mary Ann Sigler, Eva Monica Kalawski and Goh Soo Jin are the directors of Platinum Equity Advisors International Pte. Ltd. ("**PEA**"), a Singapore incorporated affiliate of Platinum Equity Advisors, LLC. PEA is working with the Offeror on the Acquisition.

4. THE SCHEME

4.1. The Acquisition. Under the Scheme:

- (a) upon the Scheme becoming effective and binding in accordance with its terms, all the Shares held by the shareholders of the Company ("**Shareholders**") as at 5.00 p.m. on a books closure date to be announced by the Company on which the transfer books and the register of members of the Company ("**Register of Members**") will be closed in order to determine the entitlements of the Shareholders in respect of the Scheme (the "**Books Closure Date**" and any such Shareholder, an "**Entitled Shareholder**") will be transferred to the Offeror:
 - (i) fully paid;
 - (ii) free from all liens, equities, mortgages, charges, encumbrances, security interests, hypothecations, easements, pledges, title retentions, trust arrangements, hire purchases, judgments, preferential rights, rights of pre-emption and other rights or interests conferring security or similar rights in favour of a third party; and
 - (iii) together with all rights, benefits and entitlements attaching thereto as of the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date; and
- (b) in consideration for such transfer, subject to and upon the Scheme becoming effective, each Entitled Shareholder will be entitled to receive S\$1.33 in cash for each Share (the "**Scheme Consideration**") held by such Entitled Shareholder as at the Books Closure Date.

- 4.2. Scheme Document.** Further information on the Scheme and the terms and conditions upon which the Scheme will be implemented will be set out in the document to be sent to Shareholders containing, among other things, an explanatory statement for the Scheme and such other information as may be required for disclosure or inclusion therein under the Code, the Companies Act and the listing rules of the SGX-ST (the “**Scheme Document**”). As set out in paragraph 13 of this Joint Announcement, the Scheme Document will be despatched to Shareholders in due course.
- 4.3. Delisting.** Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Mainboard of the SGX-ST.
- 4.4. Switch Option.** Subject to prior consultation with the Securities Industry Council of Singapore (the “**SIC**”), pursuant to the terms of the Implementation Agreement, in the event of a Competing Offer² or an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror shall have the right at its sole discretion to elect to proceed with the Acquisition by way of a voluntary conditional cash offer for the Shares (“**Offer**”) in lieu of proceeding by way of the Scheme (the “**Switch Option**”).

If the Offeror exercises the Switch Option, it will make the Offer on the same or better terms as those which apply to the Scheme, including the same or a higher consideration than the Scheme Consideration, and conditional upon a level of acceptances set at only more than 50 per cent. of the Shares to which the Offer relates and not conditional on a higher level of acceptances.

In such event, the Company and the Offeror have agreed that the Implementation Agreement shall terminate with effect from the date of announcement by or on behalf of the Offeror of a firm intention to make the Offer, save for certain surviving provisions, and neither the Company nor the Offeror shall have any claim against the other under the Implementation Agreement.

5. SCHEME CONDITIONS

- 5.1. Scheme Conditions.** The Scheme is conditional upon the satisfaction or waiver (as the case may be) of a number of conditions precedent (the “**Scheme Conditions**”) which are set out in **Schedule 1** to this Joint Announcement. The Scheme will only come into effect if all the Scheme Conditions have been satisfied or waived in accordance with the Implementation Agreement, no later than 5.00 p.m. on 30 June 2019 (or such other date as the Offeror and the Company may agree in writing) (the “**Longstop Date**”).

² “**Competing Offer**” means any offer, proposal or expression of interest by any person other than the Offeror (or a person acting in concert with the Offeror) or at the Offeror’s direction or with the Offeror’s consent, pursuant to which such person(s) or any other person(s) may, whether directly or indirectly, and whether by share purchase, share subscription, scheme of arrangement or amalgamation, capital reconstruction or capital reduction, purchase of assets, exit offer, tender offer, general offer, partial offer, joint venture, dual listed company structure, or otherwise:

- (i) acquire or become the holder or owner of, or otherwise have an economic interest in all or a material amount (as defined in Rule 5 of the Code) of the businesses, assets, revenues and/or undertakings of any member of the Group;
- (ii) acquire control over, or merge, consolidate or amalgamate, with any member of the Group;
- (iii) effect any other arrangement having an effect similar to any of the above; or
- (iv) effect a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Acquisition and/or the Scheme.

5.2. Benefit of Scheme Conditions.

- (a) **The Offeror's Benefit.** The Offeror alone may waive the Scheme Conditions in paragraphs 4(iv), 7 (in relation to any Prescribed Occurrence relating to the Company or any Subsidiary as set out in **Part II of Schedule 2** to this Joint Announcement), 8, 9 (in relation to any material breach of warranties by the Company), 10, 11 and 12 of **Schedule 1** to this Joint Announcement. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (b) **The Company's Benefit.** The Company alone may waive the Scheme Conditions in paragraphs 7 (in relation to any Prescribed Occurrence relating to the Offeror as set out in **Part I of Schedule 2** to this Joint Announcement) and 9 (in relation to any material breach of warranties by the Offeror) of **Schedule 1** to this Joint Announcement. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (c) **Mutual Benefit.** Any non-fulfilment of the Scheme Condition in paragraph 5 (to the extent legally permissible) and 6 (to the extent legally permissible) of **Schedule 1** to this Joint Announcement, is capable of being waived with the consent in writing of both the Offeror and the Company.
- (d) **Other Scheme Conditions.** For the avoidance of doubt, the Company and the Offeror agree that, save for the Scheme Conditions in paragraphs 4(iv), 5 (to the extent legally permissible) and 6 (to the extent legally permissible) to 12 of **Schedule 1** to this Joint Announcement, none of the Scheme Conditions are capable of being waived by either the Company or the Offeror, or both.

6. TERMINATION

6.1. Right to Terminate.

- (a) **Termination by Court Order or Notice.** The Implementation Agreement may be terminated at any time prior to the Longstop Date:
 - (i) by either the Offeror or the Company if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
 - (ii) by either the Offeror or the Company if the resolutions submitted to the meeting of the Shareholders to be convened by the Court to approve the Scheme and any adjournment thereof (the "**Scheme Meeting**") are not approved (without amendment) by the requisite majority of the Shareholders at the Scheme Meeting; or
 - (iii) if there shall have been a material breach by any of the Offeror or the Company of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by either the Offeror or the Company (as the case may be, being the party not in

default and having the benefit of such obligations) by fourteen days written notice to the other party,

in each case after prior consultation with the SIC, and the SIC giving its approval for, and stating that it has no objection to, such termination.

- (b) **Non-Fulfilment of Scheme Conditions.** The Implementation Agreement, the Acquisition and the Scheme may be immediately terminated:
- (i) by either the Offeror or the Company, by notice in writing to the other party, if any of the Scheme Conditions set out in paragraphs 1, 2, 3, 4 (except paragraph 4(iv)), 5 or 6 of **Schedule 1** to this Joint Announcement is not satisfied, or if the Scheme has not become effective on or before 5.00 p.m. on the Longstop Date;
 - (ii) by the Offeror, by notice in writing to the Company, if the Scheme Condition set out in paragraph 4(iv) of **Schedule 1** to this Joint Announcement is not satisfied;
 - (iii) by the Offeror, by notice in writing to the Company, if any of the Scheme Conditions set out in paragraph 7 (in relation to any Prescribed Occurrence relating to the Company or any member of the Group as set out in **Part II of Schedule 2** to this Joint Announcement), 8, 9 (in relation to any material breach of warranties by the Company) to 12 of **Schedule 1** to this Joint Announcement is not satisfied or, if applicable, waived, on or before 5.00 p.m. on the Longstop Date;
 - (iv) by the Company, by notice in writing to the Offeror, if any of the Scheme Conditions set out in paragraph 7 (in relation to any Prescribed Occurrence relating to the Offeror as set out in **Part I of Schedule 2** to this Joint Announcement) and 9 (in relation to any material breach of warranties by the Offeror) of **Schedule 1** to this Joint Announcement is not satisfied or, if applicable, waived, on or before 5.00 p.m. on the Longstop Date,

in each case, after prior consultation with the SIC, and the SIC giving its approval for, and stating that it has no objection to, such termination.

- 6.2. Effect of Termination.** In the event of termination of the Implementation Agreement by either the Offeror or the Company, (a) the Implementation Agreement shall cease to have further force or effect, save for certain surviving provisions, and (b) neither party shall have any liability or obligation to the other party.

7. EXISTING COMMERCIAL ARRANGEMENTS AND TRANSITIONAL ADVISORY SERVICES AGREEMENT

- 7.1. Existing Commercial Arrangements with the CHL Group.** The CHL Group and the Group have in place certain contractual arrangements, including the following ("**Existing Commercial Arrangements**"):

- (a) **Service Agreement.** A subsidiary of the Company has entered into a service agreement with CHL to provide IT support services for an aggregate fee of S\$4,000 (excluding GST) per month (the "**SA**"). The term of the SA expires on 30 June 2019 and either party may terminate the SA by giving three (3) months' prior notice to the other party.

- (b) **Sub-Lease.** The Company currently sublets to CHL, office premises at 35 Pioneer Road North for a monthly fee of S\$14,766.25 which comprise of (i) S\$10,766.25 for the rent and (ii) S\$4,000 for facility management services, until 30 June 2021 (the “**Sub-lease**”). Only the Company has the right to terminate the Sub-lease for cause.
- (c) **Management Services.** CHL currently provides certain secretarial, legal and management consultancy services to the Group for an aggregate fee of S\$25,000 per month (the “**MSA**”). The term of the MSA expires on 30 June 2019.

7.2. Transitional Advisory Services Agreement. In connection with the Acquisition, the Offeror requires that CHL continues with the Existing Commercial Arrangements with the Offeror and its subsidiaries (the “**Offeror Group**”) (which would include the Group, post-effectiveness of the Scheme) on substantially the same terms and conditions as currently applied and described in paragraph 7.1 above, save that:

- (a) CHL and the Offeror will enter into an arrangement for CHL to provide transitional advisory services to the Offeror Group, in respect of which CHL will advise on, *inter alia*, the Group’s historical financial matters, to the extent reasonably necessary to facilitate the operation of the Group in its ordinary course of business and consistent with past practices at a fee of S\$50,000 per month (“**Service Fee**”), for a period of three (3) months, post-effectiveness of the Scheme (the “**Transitional Services Arrangement**”) subject to an independent financial adviser, whether engaged by the Offeror or the Company, publicly stating that in its opinion the Service Fee for the Transitional Services Arrangement is fair and reasonable so far as the Shareholders are concerned in the context of Rule 10 of the Code (“**Fair and Reasonable Opinion**”);
- (b) the continuity of the Sub-lease and the SA shall be subject to the relevant approvals or consents being obtained from JTC Corporation with respect to the Sub-lease (the “**Approvals**”), provided that in the event the Approvals are obtained for the continuity of the Sub-lease, any additional sub-letting fees imposed by the JTC Corporation in accordance with their subletting policy set out in the JTC Subletting Handbook shall be borne by CHL; and
- (c) the MSA shall be terminated with effect from the date of effectiveness of the Scheme (the “**Effective Date**”).

For this purpose, the Offeror and CHL have entered into a transitional advisory services agreement (“**TSA**”) to reflect the Transitional Services Arrangement and the termination of the MSA with effect from the Effective Date.

7.3. SIC Confirmation. The SIC has confirmed that:

- (a) the Transitional Services Arrangement does not constitute a special deal by the Offeror to CHL under Rule 10 of the Code subject to the Fair and Reasonable Opinion being obtained;
- (b) the continuity of the Sub-lease and the SA in accordance with their respective existing terms and conditions do not constitute special deals by the Offeror to CHL under Rule 10 of the Code.

8. IRREVOCABLE UNDERTAKINGS AND EMPLOYMENT UNDERTAKINGS

8.1. Irrevocable Company Undertaking.

- (a) In connection with the Scheme, CHL, which holds 152,701,506 Shares (the “**Relevant Shares**”), amounting to 76.70 per cent. of all Shares as at the Announcement Date has given irrevocable undertakings to the Offeror (the “**Irrevocable Company Undertaking**”) to, *inter alia*:
- (i) vote all of the Relevant Shares in favour of the Scheme at the Scheme Meeting;
 - (ii) vote against and reject any and all resolutions or proposals to approve, implement or carry out a Competing Offer;
 - (iii) (in the event the Offeror exercises the Switch Option) not later than ten Market Days after the date of despatch of the formal document containing the Offer (the “**Offer Document**”) to the Shareholders, accept the Offer in respect of all and not some only of the Relevant Shares in accordance with the procedure for acceptance as prescribed in the Offer Document, where “**Market Day**” means a day on which the SGX-ST is open for trading in securities; and
 - (iv) comply with certain “no-shop” and “no-talk” obligations, except that without prejudice to CHL’s obligations set out in the Irrevocable Company Undertaking, CHL shall be entitled to generally perform all such acts as may be necessary for its directors to comply with and discharge their legal or regulatory obligations or fiduciary duties owed to CHL and CHL’s shareholders.
- (b) The Irrevocable Company Undertaking will cease to have effect (save for certain surviving provisions) on the earliest of:
- (i) the Longstop Date;
 - (ii) in the event the Implementation Agreement lapses or is terminated for any reason (other than as a result of the Switch Option being exercised by the Offeror) without the Scheme becoming effective, the date the Implementation Agreement lapses or is terminated;
 - (iii) (if the Switch Option is exercised by the Offeror) in the event the Offer lapses or is withdrawn for any reason without becoming or being declared unconditional in all respects, the date the Offer lapses or is withdrawn;
 - (iv) (if the Switch Option is exercised by the Offeror) the date on which the Relevant Shares are tendered in acceptance of the Offer; and
 - (v) if the Implementation Agreement is not terminated, the Effective Date.

8.2. Key Executive Employment Undertakings. The Offeror believes that it is challenging to source and retain talented and experienced executives in the electronics services manufacturing industry and that one of the key attractions of the Group that contributes to its success over its competitors is its strong management team. For this purpose, each of the following executives of the Company (i) Teo Eng Lin (Chief Executive Officer), (ii) Thomas Muljadi Handojo (Senior Vice President, Business Development) (collectively,

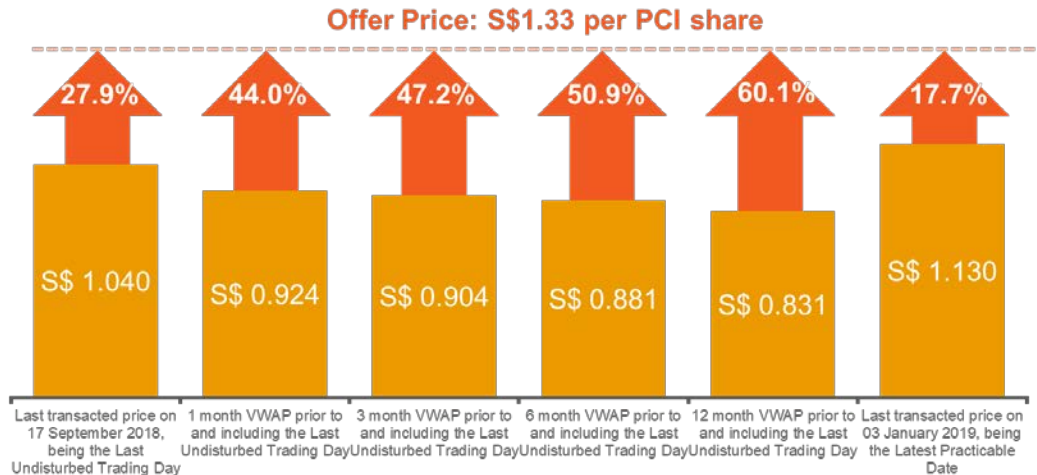
the “**Relevant Key Executive Employees**”) and (iii) Tan Quee Lim (Senior Vice President, Manufacturing) (collectively with the Relevant Key Executive Employees, the “**Key Executive Employees**”) have on the Announcement Date entered into an employment undertaking agreement with the Company and the Offeror (“**Employment Undertakings**”), under which, conditional upon effectiveness of the Scheme, each Key Executive Employee agrees to, *inter alia*, remain in the employment of the Offeror Group for a period of no less than two (2) years from the Effective Date.

8.3. SIC Confirmations. The SIC has confirmed that the Employment Undertakings will not constitute a special deal by the Offeror to the Relevant Key Executive Employees under Rule 10 of the Code.

9. RATIONALE FOR THE ACQUISITION

9.1. Cash Offer. The Acquisition represents an opportunity for Shareholders to realise their investments in the Shares for 100 per cent. cash consideration at a premium over the market prices of the Shares prior to the Latest Practicable Date.

As reflected in paragraph 10 of this Joint Announcement, the Scheme Consideration represents a premium of approximately 60.1 per cent., 50.9 per cent., 47.2 per cent. and 44.0 per cent. over the 12-month, 6-month, 3-month and 1-month VWAP prior to and including the Last Undisturbed Trading Day. The Scheme Consideration also represents a premium of approximately 17.7 per cent. over the last transacted price per Share on the Latest Practicable Date.



9.2. Rationale for the Acquisition. The Acquisition represents an opportunity for the Offeror to invest in a differentiated Electronic Manufacturing Services (EMS) company that has been successful servicing an attractive, growing portfolio of customers across industrial, automotive logistics, commercial, consumer and lifestyle, and medical end-markets.

9.3. Offeror’s Intentions for the Company. The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the employees of the Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the Offeror Group which may be implemented post-Acquisition. However, the board of directors of the Offeror retains and reserves the right and flexibility at any time to consider any options in relation to the Group, which may present themselves and which it may regard to be in the interest of the Offeror.

10. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

10.1. The Scheme Consideration for each Share is **S\$1.33 in cash**.

The figures set out in this paragraph 10 are based on data extracted from Bloomberg L.P. as at the Latest Practicable Date.

10.2. The Scheme Consideration represents the following premia over the market prices of the Shares:

Description	Share Price ^{(1) (2)}	Premium over Share Price ⁽³⁾
(a) Last transacted price as quoted on the SGX-ST on the Last Undisturbed Trading Day	S\$1.040	27.9%
(b) VWAP for the one-month period up to the Last Undisturbed Trading Day	S\$0.924	44.0%
(c) VWAP for the three-month period up to the Last Undisturbed Trading Day	S\$0.904	47.2%
(d) VWAP for the six-month period up to the Last Undisturbed Trading Day	S\$0.881	50.9%
(e) VWAP for the 12-month period up to the Last Undisturbed Trading Day	S\$0.831	60.1%
(f) Last transacted price as quoted on the SGX-ST on the Latest Practicable Date	S\$1.130	17.7%

Notes:

(1) The figures set out in this paragraph 10 are based on data extracted from Bloomberg L.P..

(2) Rounded to the nearest three (3) decimal places.

(3) Rounded to the nearest one (1) decimal place.

11. FINANCIAL ADVISERS

11.1. **Financial Adviser to the Offeror.** DBS Bank Ltd. is the financial adviser to the Offeror (the “**Offeror Financial Adviser**”) in respect of the Acquisition and the Scheme.

11.2. **Independent Financial Adviser to the Independent Directors.** The directors of the Company who are considered to be independent for the purposes of the Scheme (collectively, the “**Independent Directors**”) will be appointing an independent financial

adviser (“**IFA**”) to advise them on the Scheme and for the purpose of making a recommendation to Shareholders in connection with the Scheme. Full details of the Scheme, including the recommendation of the Independent Directors along with the advice of the IFA (the “**IFA Letter**”), will be included in the Scheme Document.

12. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by it for all the Shares to be acquired by it pursuant to the Scheme.

13. SCHEME DOCUMENT

Full details of the Scheme (including the recommendation of the Independent Directors along with the IFA Letter) and notice of the Scheme Meeting will be contained in the Scheme Document to be despatched to Shareholders in due course.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent Directors as well as the advice of the IFA set out in the Scheme Document to be issued in due course.

Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

14. DISCLOSURE OF INTERESTS

14.1. Company. As at the Announcement Date, the interests in Shares held by directors of the Company are set out below:

No.	Name of Shareholder	Direct Interest		Deemed Interest	
		Number of Shares	Percentage Shareholding ³ (%)	Number of Shares	Percentage Shareholding ³ (%)
1.	Peh Kwee Chim	-	-	152,701,506 ⁴	76.70
2.	Peh Siong Woon Terence	-	-	152,701,506 ⁵	76.70

³ Computed based on 199,099,000 Shares as at the Announcement Date.

⁴ Mr Peh Kwee Chim is a director of Kai Xin Guo Pte Ltd, which owns 51.52% of the issued share capital of CHL, which in turn owns 76.7% of the Shares. Kai Xin Guo Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by TMF Trustees Singapore Limited as trustee of a trust constituted by Mr Peh Kwee Chim (“**Trust**”). Mr Peh Kwee Chim is also the settlor of the Trust, and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the Companies Act, to have an interest in the 152,701,506 Shares held by CHL.

⁵ Mr Peh Siong Woon Terence is a director of Kai Xin Guo Pte Ltd and is also the beneficiary of the Trust, and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the Companies Act, to have an interest in the 152,701,506 Shares held by CHL.

3	Ho Soo Ching	40,000	0.02	10,000 ⁶	0.005
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Saved as disclosed in this Joint Announcement, no director or controlling Shareholder of the Company has any interest in the Scheme (other than by reason only of being a director or Shareholder of the Company).

14.2. Offeror.

- (a) **No Holdings.** As at the Announcement Date, none of the the Offeror, (ii) the directors of the Offeror, (iii) PH II, (iv) the directors of PH II, (v) PHL, (vi) the directors of PHL, (vii) PEA, (viii) the directors of PEA and (ix) the Offeror Financial Adviser (each, a “**Relevant Person**”) owns, controls or has agreed to acquire any (a) Shares, (b) securities which carry voting rights in the Company and (c) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Relevant Securities**”).
- (b) **Dealings.** None of the Relevant Persons has dealt for value in any Relevant Securities during the three-month period immediately preceding the Announcement Date.
- (c) **Security Arrangements.** Save as disclosed in this Joint Announcement, as at the Announcement Date, none of the Relevant Persons has (i) granted a security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise, (ii) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold) or (iii) lent any Relevant Securities to another person.
- (d) **Other Arrangements.** Save as disclosed in this Joint Announcement, as at the Announcement Date, none of the Relevant Persons has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Acquisition.
- (e) **Confidentiality.** In the interests of confidentiality, save for the Relevant Persons, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Scheme. Similarly, in the interests of confidentiality, the Offeror Financial Adviser has not made any enquiries in respect of the other members of its group. Further enquiries will be made of such persons subsequent to this Joint Announcement and the relevant disclosures will be made in due course and in the Scheme Document.

15. OVERSEAS SHAREHOLDERS

The applicability of the Scheme to Shareholders whose addresses are outside Singapore, as shown on the Register of Members of the Company, or as the case may be, in the records of The Central Depository (Pte) Limited (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

⁶ Mr Ho Soo Ching is deemed to have an interest in 10,000 Shares held by his wife pursuant to Section 164 of the Companies Act.

Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror reserves the right not to send such documents to the Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom the Scheme Document will not be, or may not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

16. DOCUMENTS FOR INSPECTION

Copies of the Implementation Agreement and the Irrevocable Company Undertaking will be made available for inspection during normal business hours at the registered office of the Company from the Announcement Date up until the Effective Date.

17. RESPONSIBILITY STATEMENTS

- 17.1. Company.** The directors of the Company (including any who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement in each case which relate to the Company (excluding information relating to the Offeror or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company have been omitted from this Joint Announcement, and the directors of the Company jointly and severally accept responsibility accordingly.

Where any information which relates to the Company has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The directors of the Company do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

- 17.2. Offeror.** The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement (excluding information relating to the Company or any opinion expressed by the Company) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Joint Announcement, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The directors of the Offeror do not accept any responsibility for any information relating to or any opinion expressed by the Company.

BY ORDER OF THE BOARD OF
PCI LIMITED

BY ORDER OF THE BOARD OF
PAGANI HOLDING III LIMITED

4 January 2019

Any inquiries relating to this Joint Announcement or the Acquisition or the Scheme in relation to the Offeror should be directed to the following:

DBS Bank Ltd.
Strategic Advisory
Tel: (65) 6878 2150

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 or the Company’s (as the case may be) 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 the Offeror and the Company should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company undertakes any obligation to update publicly or revise any forward-looking statements.

Disclosure of Dealings

The associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company in accordance with Rule 12 of the Code.

SCHEDULE 1 Scheme Conditions

All capitalised terms used and not defined in this Joint Announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the Announcement Date up until the Effective Date.

The Acquisition is conditional upon the satisfaction of all of the following Scheme Conditions:

- (1) **Company Shareholders' Approval:** the approval of the Scheme by the Shareholders in compliance with the requirements under Section 210(3AB) of the Companies Act;
- (2) **Court Order:** the grant of the Court Order by the Court and such Court Order having become final;
- (3) **Lodgement of Court Order:** the lodgement of the Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
- (4) **SIC and SGX-ST Approvals:** the receipt of the following Regulatory Approvals prior to the first application to the Court for the order to convene the Scheme Meeting, and such approvals not being revoked or withdrawn (if applicable) on or before the business day immediately preceding the Effective Date (the "**Relevant Date**"), and, if any such Regulatory Approval is subject to any conditions or requires any actions or obligations to be taken or performed, all such actions and obligations having been duly taken or performed on or prior to the first application to the Court for the order to convene the Scheme Meeting to the Parties' reasonable satisfaction:
 - (i) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code shall not apply to the Scheme, subject to any conditions the SIC may impose;
 - (ii) the approval-in-principle from the SGX-ST of the Scheme and for the proposed delisting of the Company from the SGX-ST after the Scheme becomes effective and binding in accordance with its terms;
 - (iii) confirmation from the SIC that it has no objections to the Scheme Conditions; and
 - (iv) confirmation from the SIC that the Employment Undertakings by each of the Key Executive Employees (other than the Senior Vice President of Manufacturing) will not constitute a special deal by the Offeror to such Key Executive Employees under Rule 10 of the Code;
- (5) **Other Regulatory Approvals:** in relation to the Offeror, all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Offeror in respect of anti-trust filings under any and all applicable laws from Governmental Agencies in Germany, Ireland and the United States of America, for or in respect of the Acquisition or implementation of the Scheme being obtained and if any such authorisations, consents, clearances, permissions and approvals is subject to any conditions or requires any actions or obligations to be taken or performed, all such actions having been duly taken or performed on or prior to the Relevant Date;
- (6) **No illegality:** between the date of the Implementation Agreement and up to the Relevant Date, no order, injunction, judgment or decree issued by any Governmental Agency or

other legal restraints or prohibition preventing the consummation of the Acquisition or implementation of the Scheme shall be in effect, and no law shall have been enacted, entered, promulgated or enforced by any Governmental Agency that prohibits, materially restricts or makes illegal the consummation of the Acquisition or the implementation of the Scheme;

- (7) **No Prescribed Occurrence:** between the date of the Implementation Agreement and up to the Relevant Date, no Prescribed Occurrence in relation to (i) the Offeror (as set out in **Part I of Schedule 2** to this Joint Announcement) or (ii) the Company or, where applicable, any Subsidiary (as set out in **Part II of Schedule 2** to this Joint Announcement), in each case, occurring other than as required by the Implementation Agreement or the Scheme;
- (8) **Consents and Waivers:** one of the top five customers of the Group whose contract with the relevant Group entity contains a change of control provision, having given its written consent to the relevant Group entity (in the form agreed between the Parties) in relation to or in connection with the Acquisition or the implementation of the Scheme, and such consent not having been withdrawn or revoked for any reason whatsoever on or prior to the Relevant Date;
- (9) **Warranties:** there having been no material breach by the Company or the Offeror of its respective Warranties, as at the date of the Implementation Agreement and as at the Relevant Date (as if they have been given again on and as of that date) except to the extent any such Warranties expressly relates to an earlier date (in which case as of such earlier date);
- (10) **No Material Adverse Event:** there having been since the Company Management Accounts Announcement Date and up to the Relevant Date, no event which has, or is reasonably likely to have, the effect of causing a diminution in the consolidated net tangible asset value of the Group for the last four publicly announced financial quarters immediately prior to the Relevant Date (the "**Relevant 12-Month Period**") being less than 15 per cent. of that of the consolidated net tangible asset value of the Group for the 12 months immediately preceding the Relevant 12-Month Period;
- (11) **No Loss of Major Customer:** between the date of the Implementation Agreement and the Relevant Date, there being no loss of any Major Customer or any written notice given by any Major Customer indicating that it wishes to cease being a customer of the Group. For the purpose of this paragraph, "**Major Customer**" refers to a customer that had contributed in aggregate, 10 per cent. or more to the gross revenue of the Group as disclosed and reflected in the Company Accounts; and
- (12) **Restructuring Exercise:** the completion of either (a) the Group internal restructuring exercise to effect the transfer of all the shares in, PT Prima Circuitama Indonesia and Polymicro Precision Technology (Thailand) Co. Ltd held directly or indirectly by the Company (as the case may be) to a member of the CHL Group or (b) the winding up of PT Prima Circuitama Indonesia and Polymicro Precision Technology (Thailand) Co. Ltd., in each case prior to the Relevant Date.

SCHEDULE 2

Prescribed Occurrence

Part I – Prescribed Occurrence in relation to the Offeror

For the purposes of the Implementation Agreement, “**Prescribed Occurrence**” as referred to in paragraphs 5.2.2 and 6.1.2(d) of this Joint Announcement and paragraph 7 of **Schedule 1** to this Joint Announcement and defined in the Implementation Agreement means, in relation to the Offeror, any of the following:

- (1) **Injunction:** an injunction or other order issued against the Offeror by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Offeror;
- (2) **Resolution for Winding Up:** the Offeror resolving that it be wound up;
- (3) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Offeror;
- (4) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Offeror;
- (5) **Composition:** the Offeror entering into any arrangement or general assignment or composition for the benefits of its creditors generally;
- (6) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Offeror;
- (7) **Insolvency:** the Offeror becoming or being deemed by law or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
- (8) **Cessation of Business:** the Offeror ceases or threatens to cease for any reason to carry on business in the usual and ordinary course;
- (9) **Investigations and Proceedings:** if the Offeror or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (10) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

Part II – Prescribed Occurrence in relation to the Company (or where applicable, any Subsidiary)

For the purpose of the Implementation Agreement, “**Prescribed Occurrence**”, as referred to in paragraphs 5.2.1 and 6.1.2(c) of this Joint Announcement and paragraph 7 of **Schedule 1** to this Joint Announcement and defined in the Implementation Agreement means, in relation to the Company (or, where applicable, any Subsidiary), any of the following:

- (1) **Conversion of Shares:** the Company converting all or any of its shares into a larger or smaller number of shares;

- (2) **Share Buy-back:** the Company (i) undertaking any share buy-backs pursuant to its existing share buy-back mandate or (ii) entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation. For the avoidance of doubt, this does not include any existing, or the renewal of a, share buy-back mandate obtained from the Shareholders;
- (3) **Alteration of Share Capital:** the Company resolving to reduce or otherwise alter its share capital in any way;
- (4) **Allotment of Shares:** the Company (or any Subsidiary) making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security (and, in relation to the Company, whether under any of the Company plans or otherwise);
- (5) **Issuance of Debt Securities:** the Company (or any Subsidiary) issuing, or agreeing to issue, convertible notes or other debt securities;
- (6) **Dividends:** the Company declaring, making or paying any dividends or any other form of distribution to the Shareholders;
- (7) **Injunctions:** an injunction or other order issued against the Company by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Company;
- (8) **Resolution for Winding Up:** the Company (or any Subsidiary) resolving that it be wound up, save in respect of a voluntary winding up of any Dormant Group Company;
- (9) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Company (or of any Subsidiary), save in respect of a voluntary winding up of any Dormant Group Company;
- (10) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company (or of any Subsidiary);
- (11) **Composition:** the Company (or any Subsidiary) entering into any arrangement or general assignment or composition for the benefits of its creditors generally;
- (12) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company (or of any Subsidiary);
- (13) **Insolvency:** the Company (or any Subsidiary) becoming or being deemed by law or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
- (14) **Cessation of Business:** the Company (or any Subsidiary) ceases or threatens to cease for any reason to carry on business in the usual ordinary course;
- (15) **Investigations and Proceedings:** if the Company (or any Subsidiary) or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding;
- (16) **Cessation of Employment of Key Executive Employee:** any Key Executive Employee

ceases to be employed by the relevant Group Company; or

- (17) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).