

PSC CORPORATION LTD
(Company Registration No. 197400888M)
Incorporated in the Republic of Singapore

PROPOSED SUBSCRIPTION OF HK\$80,000,000 CONVERTIBLE NOTE IN JOLLIFY LIMITED BY WHOLLY OWNED SUBSIDIARY PSC INVESTMENT PTE LTD

The Board of Directors of PSC Corporation Ltd (the “**Company**”) wishes to announce that the Company’s wholly owned subsidiary PSC Investment Pte Ltd (“**PSCI**”) has on 22 January 2009 entered into a Subscription Agreement (the “**Agreement**”) with Jollify Limited (“**JL**”) and Mr Chung Kwok Cheung (“**Mr Chung**”) pursuant to which PSCI will subscribe for HK\$80,000,000 convertible note in JL (the “**Transaction**”). The proceeds of the Convertible Note (“**Note**”) shall be used for the sole purpose of investing in the construction or development of the Project Property (as defined below).

1. **Salient Terms of the Note**

Subject to the terms of the Agreement, PSCI will have the right to convert the whole (not part) of the principal amount of the Note into shares in JL. The new shares to be issued by JL shall be equal to 30% of the issued share capital of JL on a fully diluted basis.

JL shall repay to PSCI the 100% of the principal amount outstanding under the Note together with all accrued and unpaid interest thereon, if any on maturity date (“**Maturity Date**”). Maturity Date means the date which is the first anniversary of the date of issue of the Note.

The Note will bear interest from the date of issue at a rate of four (4) per cent per annum on the outstanding principal amount which will be payable on the Maturity Date or upon the exercise of early redemption right.

Upon expiry or early redemption notice, JL will be bound to redeem the Note at the amount equal to 100% of the principal amount of the Note, that is HK80,000,000 plus a premium amount accrued on the principal amount of the Note at a rate of 30% per annum compounded on an annual basis.

Mr Chung, who is the major shareholder and Director of JL, shall irrevocably and unconditionally guarantee on a continuing basis to PSCI, *inter alia*, that JL shall duly observe and perform all of its obligations under the Agreement and the Note.

2. **Information on JL**

Mr Chung is the major shareholder of JL holding 51% shareholding in its issued share capital.

JL holds 100% of the issued and paid up share capital of Pacemaker Investments Limited.

Pacemaker Investments Limited is in the process of establishing a wholly foreign owned enterprise in the PRC (“**WFOE**”) for the sole purpose of investing in the construction or development of commodity property(ies) to be erected on South Zhongshan Road, South Zhu Village, Dong Pu County, Tianhe District, Guangzhou City, the People’s Republic of China (the “**Project Property**”).

Guangzhou Baoxing Real Estate Development Co., Ltd. a PRC company is currently the owner of the Project Property. Guangzhou Baoxing Real Estate Development Co., Ltd. had entered into a Framework Agreement with Hua Xinyu (中國廣州市華興譽實

業發展有限公司) whereby it undertook to construct the Project Property for sale to WFOE.

Hua Xinyu (中國廣州市華興譽實業發展有限公司), a PRC company controlled by Mr. Chung, will undertake unconditionally and irrevocably to JL that it will procure Guangzhou Baoxing Real Estate Development Pte Ltd to sign the property sales and purchase agreement of this Project Property with JL to enable JL to enjoy the benefits and rights of this Project Property through WFOE.

A Sale and Purchase Agreement dated 11 September 2008 in relation to the entire issued share capital in Pacemaker Investment Limited entered into between JL, China Property Holdings (HK) Limited, Wise Crest Holdings Limited, Chong, David Hou Ian and Mr Chung for the sale of the entire shareholdings in Pacemaker Investments Limited, who will then be the owner of the Project Property, to China Property Holdings (HK) Limited, a subsidiary of Tesco PLC, UK.

Upon full conversion of the Note, PSC Investment Pte Ltd will own 30% of JL.

3 **Conditions Precedent**

The completion (the “**Completion**”) of the Transaction is subject to several conditions precedent as set out in the Agreement.

Pursuant to the terms and conditions of the Agreement, Mr Chung as guarantor shall, inter alia, as primary obligations:

- (a) procure that JL shall duly observe and promptly perform all of its obligations under this Agreement and the Note;
- (b) if and whenever the Issuer shall be in default in the payment when due of any amount payable under this Agreement or the Note or any damages for breach of the same or of any of JL warranties or any other warranties, representation or undertakings contained therein and within seven (7) business day after being given notice to that effect by PSCI, pay all such amounts then payable by JL as though Mr Chung instead of JL was expressed to be the principal debtor in respect of such amounts and not merely as surety, without any requirement for PSCI first to have recourse against JL or any other person; and
- (c) indemnify PSCI against the reasonable cost of collecting any amount payable by JL and referred to clause (b) above.

4. **Rationale for the Transaction**

The Directors are of the view that the Transaction is part of the Group pursuing strategic investments and expanding the Group's investment portfolio.

5. **Consideration**

The aggregate consideration for the Note is HK\$80,000,000, equivalent to S\$15,544,000.

The Transaction was arrived at a willing buyer willing seller basis and the consideration was negotiated at arm's length basis, taking into account, amongst other factors the economic potential of the Project Property.

The Net Tangible Asset of JL and its subsidiaries as at 22 January 2009 was HK\$1,000.

The Transaction was funded through the net proceeds of S\$61,287,444 from the Rights Issue of 2007.

6. **Discloseable Transaction under Chapter 10 of the Listing Manual**

For the purposes of Chapter 10 of the SGX-ST Listing Manual (the “**Listing Manual**”), the relative figures in Rule 1006(a), (b) and (d) of the Listing Manual are not applicable.

(i) **Market capitalisation test**

The relative figures that were computed on the basis set out in Rule 1006(c) of the Listing Manual are as set out below:

the aggregate value of consideration of Singapore dollar equivalent to HK\$80,000,000 amounting to S\$15,544,000 constitutes 17.62% of the market capitalisation of the Company of S\$88,226,999 being the last traded price on 8 January 2009 at price of S\$0.16 preceding the date of the Agreement.

Based on the above, the transaction is a discloseable transaction under Chapter 10 of the Listing Manual.

7. **Financial Effects**

The Company does not expect any material financial effect of the Transaction on the net tangible assets. Due to uncertainty as to whether the Note will be converted or redeemed in FY2009, the Company is presently not able to ascertain the financial effect on earnings per share for the year ending 31 December 2009.

8. **Further Information**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.

9. **Documents for Inspection**

A copy each of the Agreement is available for inspection during normal business hours at the Company's office address at 348 Jalan Boon Lay Singapore 619529 for three months from the date of this announcement.

By Order of the Board

Chew Kok Liang / Annie Wong Sook Cheng
Joint Company Secretaries
23 January 2009