

INTERNATIONAL PRESS SOFTCOM LIMITED

(Company Registration No.: 197201169E)
(Incorporated in the Republic of Singapore)

EXECUTION OF SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 26 KALLANG AVENUE, SINGAPORE 339417

1. INTRODUCTION

The Board of Directors (“**Board**”) of International Press Softcom Ltd (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 17 February 2020 (the “**MOU Announcement**”) in relation to the proposed sale of the Company’s property located at 26 Kallang Avenue Singapore 339417 (the “**Property**”) for an aggregate consideration of S\$26.0 million (“**Consideration**”) (“**Proposed Disposal**”).

Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings as set out in the MOU Announcement.

The Board wishes to announce that the Company and Storhub 26 Kallang Pte. Ltd. (the “**Purchaser**”, the Company and the Purchaser collectively the “**Parties**” and each a “**Party**”) have entered into a sale and purchase agreement (“**SPA**”) in relation to the Proposed Disposal dated 31 March 2020.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore, and is a wholly owned subsidiary under the StorHub Group of companies and an affiliate of StorHub Holding Pte Ltd. The StorHub Group is principally engaged in the business of operating self-storage facilities, and has 13 storage facilities located across Singapore, providing reliable and secure storage solutions for its customers.

3. INFORMATION ON THE PROPERTY

The Property is a leasehold property granted by the JTC with a 60-year lease tenure commencing from 16 February 1990. It is a 6-storey custom built factory with a land area of approximately 4,998 square metres and gross floor area of approximately 12,500 square metres.

The Property is currently used as the Group’s head office and as a logistic management hub for its warehousing and supply chain activities.

4. VALUATION OF THE PROPERTY

Based on the Group’s latest announced unaudited consolidated financial statements for the financial year ended 31 December 2019, the net book value of the Property is approximately S\$25.6 million.

The Company had appointed GB Global Pte Ltd (the “**Valuer**”), an independent valuer, to perform a valuation on the Property. Based on the valuation report issued by the Valuer on 23 October 2019 (the “**Valuation Report**”), the open market value of the Property is S\$35.0 million (the “**Valuation**”).

The Valuation was carried out on the Property based on its continued existing use and without taking into account any redevelopment potential it may have. The Valuer adopted both the comparable sales approach and income approach in performing the valuation on the Property.

5. CONSIDERATION

The Consideration of S\$26.0 million (excluding goods and services tax (“**GST**”)) was arrived at on a willing-buyer and willing-seller basis, after taking into account, amongst others, prevailing market conditions, the current market prices of the properties in the surrounding vicinity of the Property, and the net book value of the Property of approximately S\$25.6 million as at 31 December 2019. The Consideration shall be satisfied in full by the Purchaser in cash.

As of the date of this announcement, a total sum of S\$2,600,000, comprising the Commitment Fee of S\$260,000 (the “**Refundable Deposit**”) and the Balance Deposit of S\$2,340,000 which will be payable by the Purchaser to the Company in part payment of the Consideration upon execution of the SPA (the Refundable Deposit and the Balance Deposit collectively, the “**Deposit**”). The balance of the Consideration shall be payable on the Completion Date (as defined in Paragraph 6.8).

6. SALIENT TERMS OF THE SPA

6.1 Title

The title to the Property shall be in order, properly deduced, and free from all encumbrances on the completion of the sale and purchase of the Property under the terms of the SPA (“**Completion**”). The Property is sold with vacant possession on Completion save in respect of part of the Property leased to Edifice International Trading Pte Ltd (“**Edifice**”), which will be novated to the Purchaser.

6.2 Approval and conditions

The Proposed Disposal is subject to the Company obtaining (i) the approval of the shareholders of the Company at a duly convened extraordinary general meeting of the shareholders of the Company for the sale of the Property by the Company to the Purchaser (“**Company Shareholders’ Approval**”) and (ii) such approvals as required from the Jurong Town Corporation (“**JTC**”) (“**JTC Approvals**”).

The Company and the Purchaser shall (using their commercially reasonable endeavours) work together and promptly, submit the relevant applications to JTC as soon as possible after the date of this SPA but in any case no later than two (2) weeks after the date of the SPA or such other date to be mutually agreed between the Parties, to obtain the JTC Approvals.

If any of the JTC Approvals are not obtained within six (6) months from (and including) the date of the SPA, (“**Target Date**”) or on the expiry of such other extended date, either Party shall be entitled at any time after the Target Date (including any such agreed extensions thereto), to rescind the SPA by serving a written notice on the other Party, provided that it is not in default of its obligations in relation to the JTC Approvals. Thereupon, the SPA shall be null and void and the Deposit will be refunded to the Purchaser free of interest and without demand and save in respect of any antecedent breach of the SPA.

If any mandatory movement or closure order relating to relating to Coronavirus disease 19 is issued by the Singapore government or statutory or competent authority of Singapore, which substantially impacts the ability of the Company or the qualified consultant approved by JTC to conduct the Environmental Baseline Study (as defined in Paragraph 6.9) to carry and complete the Company’s

obligations in relation to the Environmental Baseline Study or obtain JTC Approvals by the Target Date, the Parties shall agree on an extension of the Target Date, provided that such extension to the Target Date shall not be more than eighteen (18) weeks.

The Company shall bear and pay all fees (including GST) payable for the application for the JTC Approvals as well as all and any assignment/transfer fee, costs and expenses imposed by JTC in respect of the sale of the Property.

In the event the Company and/or the Purchaser determines that any of the terms and conditions of any of the JTC Approvals are not reasonably satisfactory, the Company and/or the Purchaser shall be entitled to rescind the SPA.

If the inability to obtain the JTC Approvals is wholly due to the Purchaser's default, upon the sale and purchase becoming null and void, the Company shall have the right to forfeit the Deposit and to re-sell the Property without prejudice to the Company's right to exercise all other rights and remedies available to it.

6.3 Shareholder's undertaking

The Company undertakes to procure and shall deliver to the Purchaser on entry into the SPA a written undertaking of its majority shareholder, International Press Holdings Pte Ltd, to give its approval for the sale and purchase of the Property.

6.4 Compulsory acquisition / legal requisitions

The Property is sold subject to there being no acquisition or notice of intended acquisition of the Property in whole or in part by the government or other competent authority. If on or before Completion, the government or other competent authority shall acquire or give notice of acquisition or intended acquisition of the Property or any part of it, the Purchaser has the right to rescind the SPA.

The Property is sold subject to satisfactory replies to the Purchaser's solicitors' legal requisitions. If any of the replies materially adversely affects the Property, the sale and purchase of the Property may be rescinded by the Purchaser.

Upon rescission of the SPA, the SPA shall become null and void and of no further effect whatsoever, and the Deposit shall be refunded to the Purchaser forthwith without interest, compensation or deduction whatsoever and save in respect of any antecedent breach of this SPA, neither Party shall have any further claim or demand against the other for costs, damages, compensation or otherwise arising out of or in connection with this SPA.

6.5 Termination of arrangements with Dominie Press Pte. Ltd.

Pursuant to a tenancy agreement entered into between the Company and Dominie Press Pte. Ltd. ("**Dominie**") dated 6 November 2014 and the subsequent variations and modifications thereto agreed between the parties ("**Dominie Tenancy Agreement**"), the Company leases the ground floor of the building located at the Property with a total floor area of 16,745 sq ft to Dominie, a company engaged in the printing business. The lease arrangement shall terminate on 30 June 2020.

Prior to Completion, the Company shall its sole cost and expense terminate the Dominie Tenancy Agreement and ensure that Dominie complies with the terms of the tenant's reinstatement obligations thereunder. If the Company fails to comply with such obligation before Completion, the Company shall indemnify and keep indemnified the Purchaser from and against the cost, expenses,

claims and any liabilities arising out of its failure to terminate the Dominie Tenancy Agreement before Completion.

6.6 Termination of tenancy arrangements with Edifice

In the event the Company receives any notice ("**Edifice Notice**") from Edifice requesting or threatening to terminate and/or determine the tenancy agreement dated 26 September 2018 entered into between Edifice and the Company ("**Edifice Tenancy Agreement**") prior to the expiration of the term thereunder ("**Edifice Surrender**"), the Company shall: -

- (i) as soon as practicable, but in any event no later than five (5) Business Days after the Company's receipt of the Edifice Notice, notify the Purchaser of the Edifice Notice;
- (ii) consult and involve the Purchaser in any negotiations and/or settlement involving Edifice in respect of the Edifice Surrender and such negotiations and/or settlement with Edifice shall be negotiated and conducted in good faith by the Company taking into account the Purchaser's concerns and requests. The costs and expenses of any such negotiation or settlement shall be borne by the Company.
- (iii) (in respect of any settlement and/or surrender fee or sum payable by Edifice (whether or not deducted from the security deposit held under the Edifice Tenancy Agreement) arising out of or in connection with the termination of the Edifice Tenancy Agreement ("**Settlement Sum**")) pay to the Purchaser a portion of the Settlement Sum as computed and apportioned based on the formula provided in the SPA.

6.7 Breach of Warranties

The Purchaser shall be entitled to rescind the SPA by giving written notice to the Company if, prior to Completion, it shall be found that

- (i) there is a material breach of any of the warranties as set out in the SPA; or
- (ii) any event shall occur, or any matter arises which results or is likely to result in a material breach of any of the warranties, and such event or matter disclosed by the Company to the Purchaser in writing, immediately after it is aware of the same, is not acceptable to the Purchaser (acting in a commercially reasonable manner).

Upon such rescission, the Deposit shall be refunded to the Purchaser without interest and demand. The Purchaser shall have the right to claim or demand against the Company for any costs, damages, compensation or otherwise arising out of or in connection with any material breach of the warranties and in respect of any antecedent breach(es) of the SPA.

In the event any of the warranties as set out in the SPA are breached, and (i) the Purchaser has not elected to rescind the SPA and has elected to complete the SPA, and (ii) if any such breach of warranty, is capable of remedy or rectification, is not fully rectified, remedied or addressed by the Company to the Purchaser's satisfaction within five (5) Business Days of (A) the Company being aware of such breach or (B) the Purchaser's notification of such breach, the Company shall be liable to the Purchaser for:

- (i) damages arising from the breach; and
- (ii) all costs and expenses incurred by the Purchaser as a result of such breach and any costs which the Purchaser may incur either before or after the commencement of any action

arising from or in connection with: (i) any legal proceedings in which the Purchaser claims that any of the warranties has been breached or is incomplete, unfulfilled, untrue, incorrect or misleading and in which judgment is given for the Purchaser; or (ii) the enforcement of any settlement of, or judgment in respect of, such claim.

The Company shall indemnify the Purchaser against all cost, expenses and claims which may be incurred by, made or brought against the Purchaser due to:

- (i) any warranty which is unfulfilled, untrue or incorrect in any respect; or
- (ii) any event or matter disclosed by the Company to the Purchaser which is not acceptable to the Purchaser.

6.8 Completion

Subject to the JTC Approvals being obtained, Completion shall take place on the latest of the following dates (the "**Completion Date**"):

- (a) (where the environmental baseline study of the Property ("**Environmental Baseline Study**") is not required by the JTC): -
 - (i) the date falling twelve (12) weeks from (and including) the date of the SPA;
 - (ii) the date falling four (4) weeks from (and including) the date of the JTC Approvals;
- (b) (where the Environmental Baseline Study is required by the JTC and shows the presence of contaminants at the Property and
 - (i) decontamination works are required by the JTC to be carried out by the Company) subject to Paragraph 6.9, the date falling four (4) weeks from (and including) the date when the JTC confirms that the decontamination works carried out by the Company are satisfactory to the JTC; or
 - (ii) no decontamination works are required to be carried out by the Company) subject to Paragraph 6.9, the date falling four (4) weeks from (and including) the date when the JTC confirms that no decontamination works are required to be carried out by the Company,

(as the case may be).

6.9 Environmental Baseline Study

Where the Environmental Baseline Study is required by the JTC and shows the presence of contaminants at the Property and the JTC requires decontamination works to be carried out by the Company, the Company shall expeditiously and in a timely manner carry out the requisite decontamination works and shall bear all costs and expenses in connection with the carrying out and completion of such Environmental Baseline Study and the decontamination works.

Where the requisite decontamination works are not completed within six (6) months from (and including) the date of the SPA, without prejudice to the Company's obligation to expeditiously and in a timely manner carry out the requisite decontamination works, the Purchaser shall be entitled to rescind the SPA by giving written notice to the Company, and upon such rescission, the Deposit shall be refunded to the Purchaser and save in respect of any antecedent breach of the SPA (which include any breach of the obligation to expeditiously and in a timely manner carry out the requisite decontamination works), neither Party shall have any further claim or demand against the other for

costs, damages, compensation or otherwise arising out of or in connection with the SPA. In exchange for the refund of the Deposit, the Purchaser, shall at the Purchaser's own cost and expense withdraw any caveats and cancel any entries filed by the Purchaser relating to the Property with the Singapore Land Authority.

6.10 Leaseback agreement

The Purchaser and the Company shall enter into the Leaseback Agreement on Completion provided that neither Party shall be required to enter into the Leaseback Agreement if JTC prohibits the same. Pursuant to the Leaseback Agreement, the Company shall lease from the Purchaser the entire premises with a total floor area of 25,790.30 sq ft located on the 2nd storey of the building located at the Property for a monthly rent of S\$34,559.00 for a term of twelve (12) months, commencing from (and including) the Completion Date.

6.11 Refund of the Deposit

In the event that the SPA is terminated or rescinded substantially due to the Company's default, the Company shall refund the Deposit to the Purchaser free of interest without demand and the Purchaser shall be entitled to exercise all other rights and remedies available at law or in equity as a result of any loss or damages arising out of the Company's default.

In the event that the SPA is terminated or rescinded not due to either the Company's or the Purchaser's default, the Company shall refund the Deposit to the Purchaser free of interest without demand.

7. **RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Board is of the view that the Proposed Disposal of the Property is in the best interest of the Group given that:

- (a) the Property of the Company is currently under-utilised and had not been generating significant rental income. The continued under-utilisation of the Property will cause the Company to incur continued losses; and
- (b) the Consideration was the best price that can be obtained under current market conditions and considering that the diminishing leasehold period will put further downward pressure on the future valuation of the Property.

The Consideration is equivalent to approximately 102% of the net book value of the Property and accordingly, there is a gain on disposal of the Property of approximately S\$0.45 million.

The Company estimates that there will be net proceeds of S\$25.55 million, arising from the Proposed Disposal, being the Consideration less estimated transactional expenses, of approximately S\$450,000 ("**Net Proceeds**"). The Net Proceeds shall be used for general working capital of the Group, future acquisitions and investments, and such other needs of the Group as may arise from time to time.

8. **FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

8.1 General

The pro forma financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not necessarily reflect the future actual financial position and results of the Group following Completion.

8.2 Financial effects of the Proposed Disposal on the consolidated Net Tangible Assets (“NTA”) per Share

Assuming the Proposed Disposal had been effected on 31 December 2019 (being the end of the latest announced unaudited financial year for the Group), the pro-forma financial effect of the Proposed Disposal on the Group’s NTA per Share would be as follows:-

As at 31 December 2019	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA attributable to the Shareholders of the Company (S\$’000)	35,000	34,996
No. of Shares (excluding treasury shares)	732,036,666	732,036,666
Consolidated NTA per Share (Singapore Cents)	4.78	4.78

8.3 Financial effects of the Proposed Disposal on the consolidated Losses per Share (“LPS”)

Assuming the Proposed Disposal had been effected on 1 January 2019 (being the beginning of the latest announced unaudited financial year for the Group), the proforma financial effects of the Proposed Disposal on the LPS for FY 2019 would be as follows:

Financial year ended 31 December 2019 (“FY2019”)	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to the Shareholders of the Company (S\$’000)	9,740	9,947
No. of Shares (excluding treasury shares)	732,036,666	732,036,666
LPS (Singapore Cents)	1.33	1.36

9. **REQUIREMENTS UNDER CHAPTER 10 OF THE CATALIST RULES**

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006(a) to (e) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”), based on the Group’s latest announced consolidated financial statements for the financial year ended 31 December 2019 are as follows:

Rule 1006 of the Catalyst Rules	Bases	Relative Figures (%)
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	77.6% ⁽¹⁾
1006(b)	Net profits attributable to the assets to be disposed of, compared with the Group's net profits ⁽²⁾	(4.2)% ⁽²⁾
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	370.0%
1006(d)	Number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity shares previously in issue	Not applicable as this is a Proposed Disposal
1006(e)	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 as the Company is not a mineral, oil or gas company

Notes:

- (1) Based on the carrying amount of the assets and liabilities classified and directly associated with assets held for sale of approximately S\$25.6 million and the net asset value of the Group of approximately S\$33.0 million as at 31 December 2019.
- (2) Computed based on net rental income generated by the Property of S\$413,171 for FY2019 and the Group's net loss amounting to S\$9.8 million for FY2019.
- (3) Computed based on the Consideration of S\$26.0 million and the market capitalisation of the Group of approximately S\$7.0 million as at 10 March 2020, being the last trading day for the Company's shares ("Shares") preceding the date of execution of the SPA. The Group's market capitalisation is computed based on the number of issued Shares of 732,036,666 and the weighted average price of approximately S\$0.0096 per Share on 10 March 2020, being the volume weighted average price for the Shares preceding the date of execution of the SPA.

As the relative figures under Rule 1006(a) and 1006(c) of the Catalyst Rules exceed 50%, the Proposed Disposal constitutes a "major transaction" under Rule 1014 of the Catalyst Rules and is subject to the approval of the Shareholders in a general meeting to be convened at a later date.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As of the date of this announcement, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal (save for Directors who are controlling shareholders who shall be providing the undertaking to vote in favour of the Proposed Disposal).

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or

assurance as at the date of this announcement that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Further announcement(s) will be made as appropriate when there are material developments to the Proposed Disposal.

13. DOCUMENTS FOR INSPECTION

A copy of the SPA, the Valuation Report and the constitution of the Company will be available for inspection at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
31 March 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).