



IFS Capital Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700827C)

THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 7 TEMASEK BOULEVARD #10-01/02/03 SUNTEC TOWER ONE SINGAPORE 038987

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of IFS Capital Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 31 August 2018 granted Hong Realty (Private) Limited and/or its nominee (the “**Purchaser**”) an option to purchase (the “**Option**”) the property located at 7 Temasek Boulevard #10-01/02/03 Suntec Tower One Singapore 038987 (the “**Property**”) at the sale price (the “**Consideration**”) of S\$29,479,000 exclusive of goods and services tax (the “**Proposed Disposal**”).

2. BACKGROUND OF THE PROPOSED DISPOSAL

2.1 Information on the Property

- 2.1.1 The Property has a leasehold estate of 99 years commencing 1 March 1989 comprised in Subsidiary Strata Certificate of Title Volume 519 Folio 152. The Property has a gross floor area of approximately 1,336 sqm and was previously used as a corporate office by the Company.
- 2.1.2 The Property is a non-core asset of the Company. Currently, the Property is vacant, and the Company does not conduct any operations at the Property. Therefore there is no income from the Property. As such, no profits are being derived from the Property.

2.2 Rationale and Benefits of the Proposed Disposal

- 2.2.1 The Proposed Disposal is in line with the Group’s plan for better usage of its capital.

2.3 Valuation and Use of Sale Proceeds

- 2.3.1 Based on the valuation report dated 28 August 2018 (the “**Valuation Report**”) and issued by CKS Property Consultants Pte Ltd (the “**Valuer**”), the market value of the Property is S\$29,000,000. The valuation was commissioned by the Company. The shareholders of the Valuer are siblings of the director and deemed controlling shareholder of the Company, Mr Lim Hua Min.
- 2.3.2 The book value of the Property as at 31 July 2018 was approximately S\$12,877,000. The excess of the sale proceeds over the book value of the Property is S\$16,602,000. The sale proceeds are intended to be used for general working capital purposes of the Group.
- 2.3.3 The Group expects to record a net gain of approximately S\$16,406,000 from the Proposed Disposal, after deducting incidental costs and related expenses.

2.4 Background of the Purchaser

- 2.4.1 The Purchaser was introduced by CBRE Capital Advisors Asia Pacific Pte. Ltd. (Company Registration No. 200814055H).

3. PRINCIPAL TERMS OF THE OPTION

3.1 Consideration

- 3.1.1 The Consideration of the Property is S\$29,479,000 exclusive of goods and services tax ("GST"). The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis, taking into account, amongst others, the prevailing market conditions and the market value of the Property.
- 3.1.2 Further to the terms of the Option, the Consideration shall be fully satisfied in cash and payable to the Company as follows:-
- (a) 1% of the Consideration as the Option fee, together with the GST thereon. As at the date of this announcement, the Company has received a cheque from the Purchaser in respect of this amount.
 - (b) 4% of the Consideration on the Purchaser's exercise of the Option, together with the GST thereon, which shall be payable by the Purchaser no later than 14 September 2018, being the latest date on which the Purchaser shall exercise the Option.
 - (c) 95% of the Consideration on the Completion Date (as defined below), together with the GST thereon.

3.2 Stamp Duty

- 3.2.1 The Purchaser shall bear any stamp duty payable on the exercise of the Option.

3.3 Conditions

- 3.3.1 The Proposed Disposal is conditional upon, amongst others, the following conditions (the "**conditions**") having been fulfilled or waived in accordance with the Option:-
- (a) The obtaining of the approval from shareholders of the Company in respect of the Proposed Disposal, or the Company obtaining a waiver from the SGX-ST in respect of the requirement under Rule 1014(2) of the Listing Manual to seek shareholders' approval for the Proposed Disposal in general meeting.
 - (b) The Purchaser's solicitors receiving satisfactory replies to all the usual legal requisitions and road and drainage interpretation plans sent by them to the various relevant government departments, including the Land Transport Authority.
 - (c) There being no notice of acquisition or intended acquisition in whole or in part of the Property (where such part affects the building comprised in the Property, or affects more than 5% of the Property) by the government or any other competent authority.

3.4 Completion

- 3.4.1 Completion of the Proposed Disposal shall take place on the later of the following dates (the "**Completion Date**"):-
- (a) The date falling on the expiry of 10 weeks from the date of exercise of the Option.
 - (b) The date falling 2 weeks from the date of the Purchaser's solicitors' receipt of written notification from the Company or the Company's solicitors that (i) the Company has obtained shareholders' approval (if required) for the Proposed Disposal, or (ii) the Company has obtained a waiver from the SGX-ST in respect of the requirement under Rule 1014(2) of the Listing Manual to seek shareholders' approval in general meeting, together with a copy of the announcement released by the Company on SGXnet.

3.5 Material Terms

- 3.5.1 The Proposed Disposal is subject to “The Law Society of Singapore's Conditions of Sale 2012” (the “**General Conditions**”), insofar as they are not contrary to or in conflict with:-
- (a) The Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act (Cap 61).
 - (b) The Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A).
- 3.5.2 Additionally, Condition 5.1 and Condition 7.4 of the General Conditions shall not apply to the Option agreement.
- 3.5.3 The Purchaser may rescind the Option if within 4 months from the date of the Option:-
- (a) The Company is unable to obtain a reply from the SGX-ST on whether a waiver can be obtained; or
 - (b) Where the waiver is not obtained, shareholders' approval for the Proposed Disposal is not obtained.
- 3.5.4 Should the Option be rescinded, the Company shall refund to the Purchaser all monies paid free of interest or compensation.
- 3.5.5 Further to the terms of the Option, the controlling shareholder of the Company, Phillip Assets Pte. Ltd., which has a direct interest in 226,063,029 ordinary shares of the Company, representing approximately 60.13% of the existing issued and paid-up share capital of the Company, has provided an irrevocable and unconditional undertaking to vote in favour of Proposed Disposal should shareholders' approval in general meeting be required.

4. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

4.1 Assumptions

- 4.1.1 The financial effects of the Proposed Disposal as set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the Proposed Disposal nor representative of the future financial performance and position of the Company upon the completion of the Proposed Disposal.
- 4.1.2 The *pro forma* financial effects of the Proposed Disposal are based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2017, and have been prepared on the following assumptions:-
- (a) For the purpose of illustrating the financial effects of the Proposed Disposal on the net tangible assets per share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2017, being the end of the financial year ended 31 December 2017.
 - (b) For the purpose of illustrating the financial effects of the Proposed Disposal on the earnings per share of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2017, being the beginning of the financial year ended 31 December 2017.

4.2 Net Tangible Assets (“NTA”) ⁽¹⁾

- 4.2.1 On the bases and assumptions set out above, the *pro forma* effect of the Proposed Disposal on the NTA of the Company is as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	166,315	182,721
NTA per Share (S\$)	0.44	0.49

Notes:-

⁽¹⁾ Computed based on 375,969,665 shares in issue as at 31 December 2017.

4.3 Earnings Per Share (“EPS”) ⁽¹⁾

- 4.3.1 On the bases and assumptions set out above, the *pro forma* effect of the Proposed Disposal on the EPS of the Company is as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
Gain attributable to shareholders of the Company (S\$'000)	1,956	18,362
EPS (cents)	0.52	4.88

Notes:-

⁽¹⁾ Computed based on 375,969,665 shares in issue as at 31 December 2017.

4.4 Relative Figures

- 4.4.1 Based on the half year unaudited financial statements for the period ended 30 June 2018, being the latest announced unaudited consolidated financial statements of the Group, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the Proposed Disposal are as follows:-

Listing Rule	Bases	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	8%
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable ⁽¹⁾
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	34.8%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
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⁾ As the Property is not rented out and has no rental income, the Property is not contributing to the Group's results. Accordingly, no profits are attributable to the Property.

- 4.4.2 As the relative figures above exceed 20%, the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual.

5. APPLICATION FOR WAIVER IN LIEU OF SHAREHOLDERS' APPROVAL

- 5.1 As the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual, Rule 1014(2) of the Listing Manual requires the Proposed Disposal to be made conditional upon shareholders' approval in general meeting, unless such requirement is waived by the SGX-ST.
- 5.2 Accordingly, the Company will submit an application to the SGX-ST for a waiver from the requirement in Rule 1014(2) of the Listing Manual to seek shareholders' approval for the Proposed Disposal (the "**Waiver Application**"). The Company will make further announcements on the Waiver Application as and when there are material developments.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 6.1 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, save for their respective shareholding interest in the Company and save as disclosed in this announcement.

7. DIRECTORS' SERVICE CONTRACTS

- 7.1 No person is proposed to be appointed as a 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.

8. DOCUMENTS AVAILABLE FOR INSPECTION

- 8.1 A copy of the Option and the Valuation Report will be available for inspection during normal business hours at the registered office of the Company at 10 Eunos Road 8, #09-04 Singapore Post Centre, Singapore 408600 for 3 months from the date of this announcement.

By Order of the Board

Chionh Yi Chian
Company Secretary
31 August 2018
Singapore