INTERNATIONAL PRESS SOFTCOM LIMITED
(Company Registration No.: 197201169E)
(Incorporated in the Republic of Singapore)

NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 26 KALLANG AVENUE, SINGAPORE 339417

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1. INTRODUCTION

1.1 The Board of Directors ("**Board**") of International Press Softcom Ltd ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 17 February 2020 entered into a memorandum of understanding ("**MOU**") with an independent third party purchaser ("**Purchaser**") for the 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**"), upon the terms and subject to the conditions of the MOU ("**Proposed Disposal**").

The Proposed Disposal, if undertaken and completed, is expected to constitute a major transaction under Chapter 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

Accordingly, the Proposed Disposal, if undertaken, is subject to the approval of shareholders of the Company ("**Shareholders**") by way of an ordinary resolution at an extraordinary general meeting of the Company to be convened. Shareholders should note that the MOU is not intended to be legally binding between the Company and the Purchaser, except for certain provisions relating to, *inter alia*, commitment fee, exclusivity, representations, warranties and undertakings, confidentiality, and governing law. Subject to, *inter alia*, satisfactory commercial, tax, financial, and legal due diligence, the Company and the Purchaser (collectively, the "**Parties**") shall enter into definitive agreements, including the sale and purchase agreement for the sale and purchase of the Property ("**SPA**") (the "**Transaction Documents**").

2. THE PROPOSED DISPOSAL AND SALIENT TERMS OF THE MOU

2.1 Information on the Property

The Property is a leasehold property granted by the JTC with a 60-years 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.

2.2 Consideration and Payment Terms

The Consideration of S$26.0 million was arrived at on a willing-buyer and willing-seller basis, after taking into account *inter alia*, 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$29.7 million as at 30 June 2019. The Consideration shall be satisfied in full by the Purchaser by cash.

Under the MOU, the Consideration shall be payable by the Purchaser to the Company as follows:

(a) 1% of the Consideration, being the sum of S$260,000 to be paid within five (5) business days after Company's acceptance of the MOU ("**Commitment Fee")**;

(b) 9% of the Consideration, being the sum of S$2,340,000 to be paid upon execution of the SPA ("**Balance Deposit**"); and

(c) the balance of the Consideration to be paid in accordance with the negotiated terms of the Transaction Documents.

In the event the SPA is not entered into between the Purchaser and the Company (collectively the "**Parties**") by the expiry of the exclusivity period:

(a) due substantially to the Purchaser's default or breach in respect of its obligations under the MOU or to use commercially reasonable endeavors to come to an agreement in respect of the SPA, the Company shall have the right to forfeit the Commitment Fee; or

(b) due to unsatisfactory due diligence findings by the Purchaser, the Company shall refund 100% of the Commitment Fee to the Purchaser.

In the event the SPA is not entered into between the Parties by the expiry of the exclusivity period due substantially to the Company's default or breach in respect of its obligations under the MOU or to use commercially reasonable endeavors to come to an agreement in respect of the SPA, the Company shall refund 150% of the Commitment Fee to the Purchaser.

2.3 **Leaseback**

Under the MOU, it is agreed that upon completion of the Proposed Disposal, the Company will enter into a leaseback agreement with the Purchaser to lease the entire level 2 of the Property with a gross floor area of approximately 25,790.30 sq ft for a term of 12 months from the Completion Date (as defined below) at a lease price of S$1.34 per sq ft("**Leaseback Agreement**").

2.4 **Conditional Disposal**

The Proposed Disposal is conditional upon, *inter alia*, the following conditions precedent ("**Conditions Precedent**"):

(a) the approval of the Shareholders for the Proposed Disposal being obtained; and

(b) the approval of all relevant authorities (including the head lessor and/or JTC Corporation) being obtained for the Proposed Disposal and Leaseback Agreement.

2.5 **Exclusivity Period**

The Parties have agreed to negotiate exclusively from the date of the MOU until six (6) weeks from the date of the MOU or any other date as agreed to in writing by the Parties (the "**Exclusivity Period**"). Pursuant to the Exclusivity Period, each of the Parties must procure that its affiliates must, not directly or indirectly take any action to solicit or support any third party enquiring, offering or tender offering, provide any related information to any third parties or negotiate, discuss or make any agreement or arrangement with any third parties in relation to the Proposed Disposal,

2.6 **Undertakings by the Company**

The Company has, *inter alia,* undertaken to procure and deliver to the Purchaser upon entry into the SPA, a written undertaking of its majority shareholder, International Press Holdings Pte Ltd, to give its approval for the Proposed Disposal by the end of April 2020.

2.7 **Completion**

Completion of the Proposed Disposal ("**Completion**") is expected to take place within four (4) weeks from the date all relevant approvals for the Proposed Disposal have been obtained or any other date mutually agreed between the Company and the Purchaser (the "**Completion Date**").

3. REQUIREMENTS UNDER CHAPTER 10 OF THE CATALIST RULES

3.1 **Rule 1006 and Rule 1004 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 Catalist Rules are as follows:

Rule 1006 of the Catalist Rules	Bases	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	68.9%(1)
1006(b)	Net profit attributable to the assets acquired or disposed of, compared with the group's net profits	(9.2%)(2)
1006(c)	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	394.6%
1006(d)	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 as the Proposed Disposal is not an acquisition
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 net asset value of the Property of approximately S$29.7 and related assets such as renovations and fixtures of approximately $0.2 million and the net asset value of the Group of approximately S$43.4 million as at 30 June 2019.

(2) Computed based on the six-month rental generated by the Property of S$217,000 for the period January 2019 to June 2019 and the Group's net loss amounting to S$2.35 million as at 30 June 2019.

(3) Computed based on the Consideration of S$26.0 million and the market capitalisation of the Group of approximately S$6.6 million as at 30 January 2020, being the last trading day for the Company's shares ("Shares") preceding the date of execution of the MOU. 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$0.009 per Share on 30 January 2020, being the last traded price for the Shares preceding the date of execution of the MOU.

As the relative figures under Rule 1006(a) and 1006(c) of the Catalist Rules exceed 50%, the Proposed Disposal constitutes a “major transaction” under Rule 1014 of the Catalist Rules and is subject to the approval of the Shareholders in a general meeting.

4. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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.

4.1 Net Tangible Asset (“NTA”) per Share

For illustrative purposes only, assuming the Proposed Disposal had been effected on 31 December 2018 (being the end of the latest announced audited 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 2018	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA attributable to the Shareholders of the Company (S$’000)	43,601	38,762
Number of Shares (excluding treasury shares)	732,036,666	732,036,666
Consolidated NTA per share (Singapore Cents)	5.96	5.30

The total net deficit from the sale of the Company’s property was mainly due to the loss on the disposal of the property and provision of professional fees relating to the transaction amounting to approximately S$4.8 million.

4.2 Losses per Share (“LPS”)

For illustrative purposes only, assuming the Proposed Disposal had been effected on 1 January 2018 (being the beginning of the latest announced audited financial year for the Group), the proforma financial effects of the Proposed Disposal on the LPS for the financial year ended 31 December 2018 (“**FY2018**”) would be as follows:

FY 2018	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to the Shareholders of the Company (S$’000)	4,474	9,313
Number of Shares (excluding treasury shares)	573,996,969	573,996,969
LPS (Singapore Cents)	0.78	1.62

4.3 Value of the Property

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 30 June 2019, the net book value of the Property is approximately S$29.7 million.

The Company had appointed GB Global Pte Ltd (the "**Valuer**"), an independent valuer, to perform a valuation on the Property on 22 October 2019. Based on the valuation report issued by the Valuer on 23 October 2019, the open market value of the Property was S$35.0 million (the "**Valuation**"). The Valuation was carried out on the Property in its continued existing use without taking into account any redevelopment potential it may have, and based on the information provided to the Valuer. The Valuer adopted both the Comparable Sales approach and Income approach in performing the valuation on the Property.

5. USE OF PROCEEDS

The Company estimates that there will be net proceeds of approximately S$25.5 million arising from the Proposed Disposal, being the Consideration less estimated transactional expenses of approximately S$0.5 million ("**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.

6. RATIONALE FOR THE PROPOSED DISPOSAL

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-utilized, and the continued under-utilization of the Property will cause the Company to incur continued losses; and

(b) the Consideration is guided by the current market conditions and prices of buildings around the Property.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

8. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Disposal.

9. DOCUMENT FOR INSPECTION

A copy of the MOU and the valuation report will be available for inspection at the Company's registered office at 80 Robinson Road #02-00, Singapore 068898, during normal business hours for a period of three (3) months from the date hereof.

10. FURTHER ANNOUNCEMENTS

The Company will make such other announcements relating to the Proposed Disposal as and when there are material developments.

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
Date: 17 February 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).