

**PROPOSED DISPOSAL OF INTEREST IN INNOFORM MEDIA PTE LTD**

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**1. INTRODUCTION**

The Board of Directors of PSC Corporation Ltd (the "Company") wishes to announce that its wholly-owned subsidiary, Education Solutions International Pte. Ltd. ("ESI") and Mr Ang Choon Beng @ Ang Siong Kiat (collectively the "Vendors") and the Company have on 24 February 2010 entered into a sale and purchase agreement (the "SPA") with Linktone International Limited (the "Purchaser") and Linktone Ltd (the "Guarantor") whereby ESI will dispose its 510,000 ordinary shares, representing 51% equity shares (the "ESI Sale Shares") and Mr Ang will sell his 240,000 ordinary shares, representing 24% equity shares, amounting to a total 750,000 ordinary shares, representing 75% equity shares (the "Sale Shares") in Innoform Media Pte Ltd ("Innoform") to the Purchaser at an aggregate consideration of S\$9,750,000 (the "Consideration"), upon the terms and subject to the conditions of the SPA (the "Proposed Transaction").

**2. INFORMATION ON INNOFORM**

Innoform is a company incorporated in Singapore on 28 March 2000 and carries on the business of publication, licensing, importation, exportation and distribution of compact discs, tapes and records of all kinds. It has a total issued share capital of S\$1,000,000 divided into 1,000,000 fully paid-up ordinary shares. ESI holds 510,000 shares representing 51% equity shares in Innoform and Mr Ang Choon Beng @ Ang Siong Kiat ("Mr Ang") holds 490,000 shares representing 49% equity shares in the capital of Innoform.

**3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION**

**3.1 Consideration for the ESI Sale Shares**

- A. The aggregate consideration for the disposal of the ESI Sale Shares shall be the sum of S\$6,630,000 (the "ESI Consideration").

The ESI Consideration shall be satisfied by the Purchaser by payment to ESI on Completion.

The gain on disposal is S\$194,808 (after Transaction costs) and the proceeds from the Proposed Transaction is to be utilized as the working capital of the Company.

The Proposed Transaction was arrived at on a willing buyer willing seller basis and the ESI Consideration was negotiated at arm's length basis, after taking into consideration, *inter alia*, the profits of the Innoform group of companies (the "Innoform Group") for the financial period ended 30 September 2009, the net asset value of the Innoform Group as at 30 September 2009 and the existing business operations of the Innoform Group.

**3.2 Conditions Precedent**

The completion of the Proposed Transaction (the "**Completion**") is subject to several conditions precedent as set out in the SPA:

- (a) all consents and approvals required under any and all applicable laws for the sale of the Sale Shares and to give effect to the transaction contemplated in the SPA and all such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendors or the Innoform Group is a party or by which the Vendors or the Innoform Group or its or their respective assets are bound, being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser and the Vendors;

- (b) the warranties being true and accurate in all material respects as at the Completion;
- (c) the termination of all service agreements (if any) with any director of Innoform;
- (d) no material adverse change having occurred in relation to the Innoform Group on or before the Completion;
- (e) delivery to the Purchaser of the bank statements of all bank accounts held by Innoform, showing the respective bank balances in such accounts as at the end of the business day immediately preceding the Completion;
- (f) save for the interest bearing and non-interest bearing loans by the Vendors to Innoform (the "Shareholders' Loans"), in respect of any and all advances or loans extended to the Innoform Group (a "borrower") by any director of the Innoform Group or by any Vendors (a "lender") prior to the Completion, waivers and releases from the relevant lender(s) of the respective borrower's obligations to pay such loans;
- (g) all material contracts remaining in force and unaffected by the change in ownership;
- (h) Innoform maintaining 51% ownership of the shares in Innoform Digital Media Pte Ltd and 100% ownership of the shares in all the other subsidiaries;
- (i) none of the Purchaser, the Vendors or any of the Innoform Group having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated in the SPA or notice that any of the foregoing is pending or threatened; and
- (j) none of the relevant authorities having enacted or proposed any legislation (including any subordinate legislation) which would prohibit, restrict or delay the implementation of the Proposed Transaction or the operations of any of the Innoform Group.

### 3.3 Completion

The Completion of the Proposed Transaction shall be subject to the Purchaser's:

- (a) delivery of payment of the respective portions of the Consideration as set out against the names of the respective Vendors by cashier's orders made out in favour of each Vendor;
- (b) delivery of the original of the put and call option deed duly executed by PT Media Nusantara Citra Tbk ("MNC"), the Purchaser (a subsidiary of MNC) and the Guarantor and Mr Ang in respect of the 250,000 balance shares representing 25% of the issued and paid up capital of Innoform, owned by Mr Ang; and
- (c) delivery of the Shareholders' Agreement, duly executed by the Purchaser.

### 3.4 Shareholders' Loans

Innoform shall repay the Shareholders' Loans within three (3) months from Completion (the "Repayment Period"), subject to the completion of the transfer of Innoform Digital Media Pte Ltd. The Purchaser irrevocably and unconditionally guarantees as a primary obligor to the Vendors the full payment of the Shareholders' Loans to the respective Vendors. The Purchaser further undertakes to the Vendors that if Innoform shall fail to pay the Shareholders Loans in full before the expiry of the Repayment Period, it will as a separate and independent obligation, forthwith pay the Shareholders' Loans in full, as if it were Innoform. Any part of the Shareholders' Loans that remains unpaid at the expiry of the Repayment Period shall bear interest for each day until such part of the Shareholders' Loans is paid at the rate per annum of two per cent (2%) above the average prime lending rate of DBS Bank Ltd, United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited as at the date of expiry of the Repayment Period.

#### 4. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Proposed Transaction serves the Company's objective to re-align its consumer essential business in the PSC Group.

#### 5. DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Proposed Transaction using the applicable bases of comparison set out in Rule 1006 of the Listing Manual based on the latest consolidated unaudited financial statements of the PSC Group for the third quarter ended 30 September 2009 are set out below:

<u>Rule 1006(a)</u>	3 <sup>rd</sup> Quarter Ended 30 September 2009
Net asset value of the assets to be disposed of, compared to the PSC Group's net asset value	2.4%
<u>Rule 1006(b)</u>	
Net profits attributable to the Proposed Transaction (S\$'000) compared with the PSC Group's net profits	1,142
Net profit of the PSC Group (S\$'000)	15,462
Size of relative figure	7.4%
<u>Rule 1006(c)</u>	
Aggregate amount of consideration for the Proposed Transaction (S\$'000 )	6,630
Market capitalization of the Company as at 23 February 2010 (being the market day immediately preceding the date of the SPA) (S\$'000)	140,253
Size of relative figure	4.7%
<u>Rule 1006(d)</u>	
Number of equity securities to be issued by the Company as consideration for the Proposed Transaction compared with the number of equity securities previously in issue	Not applicable
Number of equity securities previously in issue	Not applicable
Size of relative figure	Not applicable

As the relative figures under Rule 1006(b) exceed 5%, the Proposed Transaction constitutes a "Discloseable Transaction" as defined in Chapter 10 of the Listing Manual.

#### 6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on net tangible assets and earnings per share of the PSC Group in respect of the financial year 31 December 2008 have been prepared based on the following assumptions:

- (a) The financial effects of the Proposed Transaction are based on the terms of the Proposed Transaction as at the date of this announcement (in particular, the disposal ESI Consideration being S\$6,630,000);
- (b) The financial effects of the Proposed Transaction are purely for illustrative purposes and should not be taken as an indication of the actual financial performance of the PSC Group following the Proposed Transaction nor a projection of the future financial performance or position of the PSC Group after the Closing;

- (c) The financial effects of the Proposed Transaction are based on the PSC Group's and Innoform Group's audited financial statements for FY2008 and on the PSC Group's and Innoform Group's unaudited financial statements for the period ended 30 September 2009;
- (d) For the purpose of computing the net tangible assets of the PSC Group after the Proposed Transaction, it is assumed that the Proposed Transaction was completed on 31 December 2008;
- (e) For the purpose of computing the net profit attributable to shareholders and basic earnings per share of the PSC Group after the Proposed Transaction, it is assumed that the Proposed Transaction was completed on 1 January 2008; and

6.1 Net tangible assets ("NTA")

	<b>As at 31 December 2008</b>	
	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
NTA (S\$' 000)	244,740	244,935
Number of shares	551,418,746	551,418,746
NTA per share (Singapore cents)	44.38	44.42

6.2 Earnings per share ("EPS")

	<b>FY2008</b>	
	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
Net profit attributable to shareholders (S\$'000)	3,466	2,966
Weighted average number of shares used in the computation of basic EPS	559,195,079	559,195,079
Basic EPS (Singapore cents) <sup>(1)</sup>	0.62	0.53

Note:-

(1) Basic EPS is computed based on the weighted average number of shares for the full financial year.

The book value of the Company's equity in the Innoform Group as at 30 September 2009 is \$6,305,192.

Upon completion of the Disposal, Innoform will cease to be a subsidiary of the Company.

**7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

To the best of the Company's knowledge, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

**8. DOCUMENTS FOR INSPECTION**

A copy of the SPA 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  
25 February 2010