



ISOTEAM LTD.

(Company Registration No: 201230294M)
(Incorporated in the Republic of Singapore on 12 December 2012)

TERM SHEET IN RELATION TO THE PROPOSED DIVESTMENT IN A SUBSIDIARY FOR ESTABLISHING A JOINT VENTURE WITH AN OVERSEAS PARTNER

The Board of Directors (the "**Board**" or "**Directors**") of ISOTeam Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a non-binding term sheet (the "**Term Sheet**") with Taisei Oncho Co. Ltd. ("**TOC**") for the purpose of establishing a joint venture through the sale by the Company of a 34.1% stake in ISO-Integrated M&E Pte. Ltd., a wholly-owned subsidiary of the Company, to TOC at a premium on the initial cost of investment (the "**Proposed Divestment and Joint Venture**"). Both parties agreed the consideration at \$3 million which was derived from the mutually agreed valuation of the subsidiary at \$8.8 million.

TOC is headquartered in Tokyo, Japan and listed on JASDAQ Securities Exchange. It is an established mechanical and electrical ("**M&E**") engineering firm that is primarily involved in design and contract work for air conditioning, plumbing, electrical installation work, maintenance and renovation services. TOC's clients comprise both the general and industrial sectors. It has 25 sales offices in Japan and across six other markets including the United States of America, China, Hong Kong, Vietnam, India and Australia. Over the years, TOC has expanded its capabilities to include helping its clients with electricity and energy saving, and renewable power generation measures.

The Board decided to undertake the Proposed Divestment and Joint Venture because it allows the Group to strengthen its M&E and energy management capabilities, and further expand its services in the region by leveraging on TOC's M&E expertise and overseas network.

The Term Sheet is intended to set out the basis for further discussion in respect of the Proposed Divestment and Joint Venture, also highlighting the main principles that will underline the definitive agreements that the parties will enter into concerning the Proposed Divestment and Joint Venture. The Company will make further announcement(s) to inform shareholders of any developments relating to the Proposed Divestment and Joint Venture in due course.

The Company and its Directors and controlling shareholders are not related to TOC. None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Divestment and Joint Venture, other than through their respective shareholdings (if any) in the Company.

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the shares of the Company. In particular, shareholders and potential investors of the Company are reminded that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should consult their stockbroker, bank manager, solicitor or other professional advisors.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
13 February 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and 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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.