

ADDENDUM DATED 12 OCTOBER 2017

This Addendum is circulated to shareholders (the "**Shareholders**") of ISOTeam Ltd. (the "**Company**") together with the Company's annual report for the financial year ended 30 June 2017 (the "**Annual Report**"). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders' approval to renew the Share Buyback Mandate (as defined herein) to be tabled at the annual general meeting (the "**AGM**") of the Company to be held on 27 October 2017 at 10.00 a.m. or at any adjournment thereof at Topaz Room, Level 2, Sheraton Towers, 39 Scotts Road, Singapore 228230.

The notice of AGM and a proxy form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Addendum with the Annual Report and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Addendum with the Annual Report and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Addendum, the Annual Report and the attached proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or transferee.

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

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

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.



ISOTEAM

ISOTEAM LTD.

(Company Registration Number: 201230294M)

(Incorporated in the Republic of Singapore)

**ADDENDUM TO THE ANNUAL REPORT
IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

ISOTEAM LTD.

(Company Registration Number: 201230294M)
(Incorporated in the Republic of Singapore)

Directors

Ng Cheng Lian (Executive Chairman)
Koh Thong Huat (Executive Director and Chief Executive Officer)
Foo Joon Lye (Executive Director)
Tan Eng Ann (Lead Independent Director)
Soh Chun Bin (Independent Director)
Ng Kheng Choo (Independent Director)

Registered Office

57 Kaki Bukit Place
Eunos Techpark
Singapore 416231

12 October 2017

To: The Shareholders of ISOTeam Ltd.

Dear Sir/Madam

1. INTRODUCTION

- 1.1 Reference is made to the notice of AGM of the Company dated 12 October 2017 (the “**Notice of AGM**”) convening the AGM to be held on 27 October 2017.
- 1.2 The proposed Resolution 9 in the Notice of AGM relates to the renewal of a general share buyback mandate (the “**Share Buyback Mandate**”), which Shareholders had previously approved at the AGM of the Company held on 25 October 2016, to authorise the directors of the Company (the “**Directors**”) to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) on the terms of the Share Buyback Mandate. The authority conferred by the Share Buyback Mandate will expire on 27 October 2017, being the date of the AGM.
- 1.3 The purpose of this Addendum is to provide Shareholders with relevant information relating to and explain the rationale for the proposed renewal of the Share Buyback Mandate to be tabled at the AGM.
- 1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Addendum. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Authority and Limits of the Share Buyback Mandate

The Share Buyback Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through market purchases (the “**Market Purchases**”) or off-market purchases on an equal access scheme (the “**Off-Market Purchases**”) as defined in Section 76C of the Companies Act, Chapter 50 (the “**Companies Act**”) of up to a maximum of 10% of the issued Shares as at the date of the AGM at which the Share Buyback Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of issued Shares above, any Shares which are held as treasury shares (the “**Treasury Shares**”) and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the number of issued Shares as at 25 September 2017, being the latest practicable date prior to the printing of this Addendum (the “**Latest Practicable Date**”) of 283,762,041 Shares (excluding Treasury Shares and subsidiary holdings), and assuming that there is no change in such number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the AGM, not more than 28,376,204 Shares representing 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the AGM may be bought by the Company pursuant to the Share Buyback Mandate.

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes, (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) days on which the SGX-ST is open for trading of securities (the “**Market Day**”), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period and (ii) “**day of making of the offer**” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

If renewed, the Share Buyback Mandate will take effect from the date of the AGM and continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier, unless prior thereto, share purchases are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company at a general meeting.

2.2 **Manner of Purchase of Shares**

Purchases of Shares may be made by way of, *inter alia*:

- (a) Market Purchase, transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

- (b) Off-Market Purchase (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined under Section 76C of the Companies Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptance;
- (c) the reasons for the proposed share buyback;
- (d) the consequences, if any, of share buyback by the Company that will arise under the Take-over Code (as defined hereinafter) or other applicable take-over rules;
- (e) whether the share buyback, if made, would have any effect on the listing of the Shares on Catalist;
- (f) details of any share buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the

purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

- (g) whether the Shares purchased by the Company will be cancelled and/or kept as Treasury Shares.

2.3 **Rationale**

The Share Buyback Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit. The Directors believe that share buyback provides the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner and helps to mitigate short-term volatility, offset the effects of short-term speculation and bolster Shareholder's confidence. It also allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The buyback of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share ("**EPS**") of the Company, and will only be made when the Directors believe that such buyback would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

2.4 **Source of Funds for Share Buyback**

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buyback of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, the Company is solvent if (a) it is able to pay its debts in full at the time of payment for any purchase or acquisition of Shares pursuant to the Share Buyback Mandate and will be able to pay its debts as they fall due in the normal course of business in the 12 months following such date of payment; and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not after the purchase or acquisition of Shares pursuant to the Share Buyback Mandate, become less than the value of its liabilities (including contingent liabilities). In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Company and its subsidiaries (the “**Group**”) would be materially adversely affected.

2.5 **Status of Purchased Shares**

2.5.1 **Cancellation**

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Share to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5.2 **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

(i) Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares (the “**Treasury Shares Limit**”).

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:

- (aa) sell the Treasury Shares for cash;
- (bb) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (cc) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (dd) cancel the Treasury Shares; or
- (ee) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

In respect of Shares that are purchased pursuant to the Share Buyback Mandate, the Directors intend for such Shares to be held as Treasury Shares.

As at the Latest Practicable Date, the Company has 2,104,549 Treasury Shares representing approximately 0.74% of the total number of issued Shares. Where Shares purchased pursuant to the Share Buyback Mandate are held as Treasury Shares, the number of such Shares to be held as Treasury Shares, when aggregated with the existing Treasury Shares held, shall not, subject to the Companies Act, exceed the Treasury Shares Limit at any time.

2.6 **Financial Impact**

Shareholders should note that the financial effects illustrated below are for illustrative purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for the financial year ended 30 June 2017 ("FY2017") and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buyback Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding Treasury Shares and subsidiary holdings), the Company may not necessarily buy back or be able to buy back 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings) in full.

2.6.1 **Financial Effects of the Share Buyback Mandate**

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buyback Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase price paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

Where a purchase or an acquisition of Shares is made out of distributable profits, such purchase or acquisition (including costs incidental to the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the

Company. Where a purchase or an acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buyback Mandate will be exercised with a view to enhance the earnings and/or net tangible assets ("**NTA**") value per Share of the Group.

The financial effects presented in this section are based on the assumptions set out below:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 283,762,041 issued Shares (excluding Treasury Shares and subsidiary holdings).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 283,762,041 Shares in issue (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, the purchase or acquisition by the Company of 10% of its Shares will result in the purchase or acquisition of 28,376,204 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 28,376,204 Shares at the Maximum Price of S\$0.368 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 28,376,204 Shares is approximately S\$10,442,443.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 28,376,204 Shares at the Maximum Price of S\$0.421 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 28,376,204 Shares is approximately S\$11,946,382.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buyback Mandate had been effective on 1 July 2016; and
- (ii) such share purchases are funded solely by internal resources;

the financial effects of the share buyback on the audited consolidated financial results of the Group for FY2017, are set out below:

(a) **Purchases made entirely out of distributable profits or capital and held as Treasury Shares**

As at 30 June 2017	Group			
	Market Purchase		Off-Market Purchase	
	Before	After	Before	After
	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Funds ⁽¹⁾	58,769	48,327	58,769	46,823
NTA	51,461	41,019	51,461	39,515
Current Assets	58,698	48,256	58,698	46,752
Current Liabilities	27,796	27,796	27,796	27,796
Working Capital	30,902	20,460	30,902	18,956
Net Debt/ (Cash) ⁽²⁾	2.93	9.90	2.93	15.06
Number of Shares ('000)	284,387	257,491	284,387	257,491
Treasury Shares ('000)	1,480	28,376	1,480	28,376
Weighted Average Number of Shares for FY2017 ('000)	284,206	255,785	284,206	255,785
Financial Ratios				
NTA per Share (cents) ⁽³⁾	18.10	15.93	18.10	15.35
Gearing (times)	0.74	0.90	0.74	0.93
Current Ratio (times) ⁽⁴⁾	2.11	1.74	2.11	1.68
Basic EPS (cents)	2.27	2.52	2.27	2.52

Notes:

- (1) Shareholders' funds include non-controlling interests.
- (2) Net debt/(cash) means long-term and short-term liabilities and finance lease divided by cash and cash equivalents.
- (3) NTA per Share equals to Shareholders' funds less intangible assets divided by the total number of issued Shares excluding Treasury Shares and subsidiary holdings, where applicable.
- (4) Current ratio means current assets divided by current liabilities.

(b) **Purchases made entirely out of distributable profits or capital and cancelled**

As at 30 June 2017	Group			
	Market Purchase		Off-Market Purchase	
	Before S\$'000	After S\$'000	Before S\$'000	After S\$'000
Shareholders' Funds ⁽¹⁾	58,769	48,327	58,769	46,823
NTA	51,461	41,019	51,461	39,515
Current Assets	58,698	48,256	58,698	46,752
Current Liabilities	27,796	27,796	27,796	27,796
Working Capital	30,902	20,460	30,902	18,956
Net Debt/ (Cash) ⁽²⁾	2.93	9.90	2.93	15.06
Number of Shares ('000)	284,387	257,491	284,387	257,491
Weighted Average Number of Shares for FY2017 ('000)	284,206	255,785	284,206	255,785
Financial Ratios				
NTA per Share (cents) ⁽³⁾	18.10	15.93	18.10	15.35
Gearing (times)	0.74	0.90	0.74	0.93
Current Ratio (times) ⁽⁴⁾	2.11	1.74	2.11	1.68
Basic EPS (cents)	2.27	2.52	2.27	2.52

Notes:

- (1) Shareholders' funds include non-controlling interests.
- (2) Net debt/(cash) means long-term and short-term liabilities and finance lease divided by cash and cash equivalents.
- (3) NTA per Share equals to Shareholders' funds less intangible assets divided by the total number of issued Shares excluding Treasury Shares and subsidiary holdings, where applicable.
- (4) Current ratio means current assets divided by current liabilities.

The financial effects set out above are for illustrative purposes only. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

2.7 **Take-over Implications under the Singapore Code on Take-overs and Mergers (the "Take-over Code")**

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.7.1 **Obligation to make a Take-over Offer**

Pursuant to the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a share buyback by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more, or if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

2.7.2 **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert with each other:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary

course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur obligation to make a take-over offer under Rule 14 after a purchase or an acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.7.3 **Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, the Treasury Shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the purchase or acquisition of 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings) by the Company pursuant to the Share Buyback Mandate. The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to purchase or acquire Shares pursuant to the Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company are advised to consult their professional advisers, the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

2.8 **Tax Implications**

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buyback Mandate, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 **Catalist Rules**

- 2.9.1 As at the Latest Practicable Date, 91,854,900 Shares representing 32.37% of the issued Shares are held in the hands of the public. Assuming that the Company had purchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of Market Purchases, the percentage of Shares held by the public would be approximately 24.86%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without adversely affecting the listing status of the Shares on Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading. The Company does not have any individual shareholding limit or foreign shareholding limit.

- 2.9.2 Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.1 of this Addendum, conforms to this restriction.
- 2.9.3 While the Catalist Rules does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks and one month immediately preceding the announcement of the Company’s quarterly and full year results, respectively.

2.10 **Reporting Requirements**

2.10.1 **Notification to Accounting and Corporate Regulatory Authority of Singapore (“ACRA”)**

Within 14 days of the passing of a Shareholders’ resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall lodge with ACRA a notice of purchase of Shares within 30 days of such purchase. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled or held as Treasury Shares, the Company’s issued share capital before and after the purchase, the amount of consideration paid by the Company and whether such

consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

Within 30 days of the cancellation or disposal of Treasury Shares, the Company shall lodge with ACRA a notice of the cancellation or disposal of Treasury Shares with such information as may be prescribed from time to time.

2.10.2 **Notification to the SGX-ST**

The Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares after purchase, in the form prescribed under the Catalist Rules.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued Shares (of the same class as the Treasury Shares) which are listed on Catalist before and after the usage, and the value of the Treasury Shares comprised in the usage.

2.11 **Details of the Shares Bought by the Company in the Previous 12 Months**

Pursuant to the Share Buyback Mandate and as at the Latest Practicable Date, the Company had bought back by way of market acquisitions a total number of 4,815,900 Shares in the previous 12 months. The highest price paid per Share was S\$0.395 and the lowest price paid per Share was S\$0.350. The total consideration paid was S\$1,845,861.80 (inclusive of brokerage and clearing fees).

On 19 January 2017, the Company announced the use of 3,911,985 Treasury Shares as partial consideration for the acquisition of ISO-Integrated M&E Pte. Ltd. (formerly known as Rong Shun Engineering & Construction Pte. Ltd.).

3. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and/or substantial shareholders of the Company in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Ng Cheng Lian ⁽²⁾	7,682,000	2.71	119,954,406	42.27
Koh Thong Huat ⁽²⁾	7,682,000	2.71	119,954,406	42.27
Foo Joon Lye ^{(2), (3)}	-	-	127,636,406	44.98
Tan Eng Ann	-	-	-	-
Soh Chun Bin	-	-	-	-
Ng Kheng Choo	-	-	-	-
Substantial Shareholders				
ADD Investment Holding Pte. Ltd. ⁽⁴⁾	79,954,406	28.18	40,000,000	14.10
Nippon Paint (Singapore) Company Private Limited ⁽⁵⁾	15,896,556	5.60	-	-
Nippon Paint Holdings Co., Ltd ⁽⁵⁾	-	-	15,896,556	5.60
Nipsea International Limited ⁽⁵⁾	-	-	15,896,556	5.60
Nipsea Holdings International Limited ⁽⁵⁾	-	-	15,896,556	5.60
Wuthelam Holdings Limited ⁽⁵⁾	-	-	15,896,556	5.60
Thurloe Ltd ⁽⁵⁾	-	-	15,896,556	5.60
Rainbow Light Ltd ⁽⁵⁾	-	-	15,896,556	5.60
Epimetheus Ltd ⁽⁵⁾	-	-	15,896,556	5.60

Notes:

- (1) Based on the issued share capital of the Company of 283,762,041 Shares (excluding Treasury Shares and subsidiary holdings) at the Latest Practicable Date.
- (2) Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye hold the total issued share capital of ADD Investment Holding Pte. Ltd. in equal proportion. Each of them is therefore deemed to be interested in all the Shares held by ADD Investment Holding Pte. Ltd. under Section 7 of the Companies Act.
- (3) Foo Joon Lye is deemed to be interested in 7,682,000 Shares held by Citibank Nominees Singapore Pte Ltd as his nominee.
- (4) ADD Investment Holding Pte. Ltd. is deemed to be interested in 40,000,000 Shares held by Citibank Nominees Singapore Pte Ltd as its nominee.
- (5) Nippon Paint (Singapore) Company Private Limited is 51% owned by Nippon Paint Holdings Co., Ltd and 49% owned by Nipsea Holdings International Limited. Nippon Paint Holdings Co., Ltd. is 39% owned by Nipsea International Limited. Nipsea International Limited is 100% owned by Nipsea Holdings International Limited which is 100% owned by Wuthelam Holdings Limited. Wuthelam Holdings Limited is 25% owned by Thurloe Ltd and 75% owned by Rainbow Light Ltd. Rainbow Light Ltd is 67% owned by a trust for which Epimetheus Ltd acts as trustee.

4. APPROVAL AND RESOLUTION

Shareholders' approval for the proposed renewal of the Share Buyback Mandate will be sought at the AGM. The resolution relating to the proposed renewal of the Share Buyback Mandate is contained in the Notice of AGM as Ordinary Resolution 9.

5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out under Section 2.3 of this Addendum for the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

7. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 57 Kaki Bukit Place, Eunos Teckpark, Singapore 416231, during normal business hours from the date of this Addendum up to the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2017.

Yours faithfully
For and on behalf of the Board of Directors
ISOTEAM LTD.

Koh Thong Huat
Executive Director and Chief Executive Officer