



ISOTEAM

ISOTEAM LTD.

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

PROPOSED SUBSCRIPTION OF SERIES C CONVERTIBLE PREFERENCE SHARES IN SUNSEAP GROUP PTE. LTD.

1. INTRODUCTION

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 on 2 May 2017 entered into a Series C share subscription agreement (the "**Agreement**") with Sunseap Group Pte. Ltd. ("**Sunseap**") for the proposed subscription (the "**Proposed Transaction**") of an aggregate principal amount of S\$5 million ("**Principal Amount**") worth of Series C preference shares ("**Series C CPS**") to be issued by Sunseap at the issue price of S\$126.66 for each of the Series C CPS ("**Series C Original Issue Price**").

Upon completion of the Proposed Transaction, the Company will hold 39,475 Series C CPS representing 2.78% of the total share capital of Sunseap on an as converted basis.

The Series C CPS are transferrable in whole or in part.

2. PROPOSED TRANSACTION

2.1 Information on Sunseap

Sunseap is an investment holding company incorporated in Singapore on 8 May 2015, and as at the date of this announcement, it has an issued ordinary share capital of S\$6,322,808.83 comprising of 995,725 ordinary shares and an issued preference share capital of S\$33,327,571.05 comprising of 371,835 preference shares. Sunseap and its subsidiaries ("**Sunseap Group**") are one of the leading providers of clean energy solutions in Singapore. The Sunseap Group currently has presence in Cambodia, Thailand, Philippines, Malaysia, India and Australia.

2.2 Rationale for Proposed Transaction

The Sunseap Group is one of the first companies in Singapore to provide solar energy, and is responsible for implementing the majority of the grid-connected photovoltaic systems in Singapore.

In view of the Sunseap Group's position as one of the leading providers of clean energy solutions in Singapore, and its emerging business development in Singapore and the region, the Company believes that by collaborating and cooperating with Sunseap through its investment into their business and becoming a shareholder, the Company may be given more business cooperation opportunities and will therefore be able to strengthen their relationship as business collaborative partners.

The Directors consider the Proposed Transaction, as a whole on the terms of the Agreement, to be in the interests of the Company.

2.3 Principal Amount

The Principal Amount of S\$5 million will be funded by internal resources.

2.4 Completion

Subject to the fulfilment of the conditions precedent under the Agreement, completion shall take place on the date falling five business days after the fulfilment (or waiver) of all such conditions precedent ("**Completion Date**").

2.5 Conversion

The Series C CPS may be converted at any time and at the Company's option into such number of ordinary shares ("**Conversion Shares**") in the share capital of Sunseap as may be obtained by dividing the Series C Original Issue Price by the applicable conversion price for such Series C CPS then in effect.

The initial conversion price for each Conversion Share shall be the Series C Original Issue Price, being S\$126.66 per Series C CPS, and shall be adjusted for any new share issue, share subdivisions, share consolidations or recapitalisation (if any).

2.6 Anti-Dilution Rights

Each shareholder of Sunseap, including each holder of Series C CPS, shall be entitled to anti-dilution rights in the event of any issue or grant by Sunseap of any equity capital, right to subscribe for or to convert securities into equity share capital in Sunseap, at a price less than the relevant subscription price paid by each shareholder for its shares in Sunseap, as adjusted for any share splits, dividend payment, combinations or the like. Sunseap shall make such further issuance of shares in Sunseap to each shareholder at a nominal consideration of no more than an aggregate sum of S\$1 to ensure that each shareholder's entitlement in it is maintained.

2.7 Voting Rights

Each holder of Series C CPS shall be entitled to attend and vote at any general meeting of Sunseap held under the circumstances including the following:

- (a) upon any resolution which varies or abrogates any rights, preferences and privileges of the Series C CPS, by way of amendment of the constitution of Sunseap or otherwise (including without limitation, the authorisation or creation of any securities or ownership of interests of Sunseap, ranking as to participation in the profits or assets of Sunseap senior to the Series C CPS; or
- (b) upon any resolution for the winding up of Sunseap.

2.8 Exit Post Monetisation Period

If Sunseap is unable to achieve an initial public offering of shares on a recognised stock exchange which results in a minimum internal rate of return for the Series C CPS of 25% or more, or a trade sale, approximately three years after completion of the Proposed Transaction ("**Monetisation Period**"), the shareholders of Sunseap shall be entitled to call for a general meeting to explore and consider exit plans which are available to them and pursuant to which they are able to obtain cash value for their shares, and resolve to implement the agreed exit plan.

In the event that no exit plan is approved by the shareholders of Sunseap pursuant to such general meeting within six months after the expiry of the Monetisation Period, the Company undertakes to adopt a dividend policy which shall provide for distribution of part of the profits available for distribution in respect of each financial year, for so long as the SHA (as defined below) is in force.

2.9 Other Material Terms

On the Completion Date, the Company will also enter into:

- (a) a shareholders' agreement ("**SHA**") with the existing shareholders of Sunseap and Goldman Sachs Investment Holdings (Asia) Limited ("**GS**") which sets out the terms and conditions of the Series C CPS, and regulates their relationship amongst each other and the affairs of Sunseap;
- (b) a share charge to charge its Series C CPS in favour of GS, which is a requirement for all incoming shareholders of Sunseap due to Sunseap's financing obligations with GS; and
- (c) a trust accession agreement with GS, agreeing to be bound by the relevant security trust deed between GS, Sunseap, its subsidiaries, and the other existing shareholders of Sunseap, and assume the applicable obligations therein, which is also a requirement for all incoming shareholders of Sunseap due to Sunseap's financing obligations with GS.

3. COOPERATION AGREEMENT

In addition, the Company has on 21 March 2017 entered into a cooperation agreement (the "**Cooperation Agreement**") with Sunseap in consideration of and conditional upon the completion of the Proposed Transaction, under which Sunseap has agreed to award and engage the Company's services on certain government projects secured by Sunseap, including the installation works for potentially up to 425 blocks of Housing Development Board ("**HDB**") flats if further HDB projects are secured by Sunseap. The parties have further agreed that the abovementioned projects will be undertaken by the Company at rates that are competitive and consistent with the relevant market rates at the time of such engagements.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The Proposed Transaction will have no material impact on the Group for the financial year ending 30 June 2017.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholdings (if any) in the Company.

6. OTHERS

As the relative figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") does not exceed 5%, the Proposed Transaction is a non-discloseable transaction for the purposes of Chapter 10 of the Catalist Rules.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
2 May 2017

*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.

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