

## **ADDENDUM DATED 15 OCTOBER 2019**

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 2019 (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 30 October 2019 at 10.00 a.m. or at any adjournment thereof at Opal and Amber 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 share 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 Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

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

8 Changi North Street 1  
ISOteam Building  
Singapore 498829

15 October 2019

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 15 October 2019 (the “**Notice of AGM**”) convening the AGM to be held on 30 October 2019.
- 1.2 The proposed Resolution 9 in the Notice of AGM relates to the renewal of a share buyback mandate (the “**Share Buyback Mandate**”), which Shareholders had previously approved at the AGM of the Company held on 26 October 2018, 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 30 October 2019, 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 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 total number of 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 the total number of issued Shares above, any Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the total number of issued Shares of 285,068,122 Shares (excluding treasury shares and subsidiary holdings) as at 20 September 2019, being the latest practicable date prior to the printing of this Addendum (the “**Latest Practicable Date**”), 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 28,506,812 Shares (representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

The purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) to be paid for a Share 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 below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

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

For the above purposes,

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five days on which the SGX-ST is open for trading in 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 Market Day period; and

“**day of making of the offer**” means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase 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, the purchases or acquisitions of Shares 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 or Acquisition of Shares

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

- (a) Market Purchases 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 Purchases (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 the 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 to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
  - (aa) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
  - (bb) 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 purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code (as defined below) or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on Catalist;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and
- (g) whether the Shares purchased or acquired 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 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 purchases or acquisitions 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 purchases or acquisitions 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**

The Company may only apply funds legally available for the purchase or acquisition of its Shares in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company may purchase or acquire its Shares out of the Company's capital or profits so long as the Company is solvent.

The Company may use internal resources and/or external borrowings to finance the purchases or acquisition 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 issued 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 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 general 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 (or any of them) for cash;
- (bb) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (cc) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (dd) cancel the treasury shares (or any of them); or
- (ee) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In respect of Shares that are purchased or acquired 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 798,468 treasury shares representing approximately 0.28% of the total number of issued Shares. Where Shares purchased or acquired 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 Effects**

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the EPS and net tangible assets (“NTA”) per Share of the Group as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase price paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, the Company may purchase or acquire its Shares out of the Company’s capital or profits so long as the Company is solvent. 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. Where a purchase or an acquisition of Shares is made out of 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.

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 or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

The financial effects presented below are based on the following assumptions:

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

As at the Latest Practicable Date, the Company has 285,068,122 issued Shares (excluding treasury shares and subsidiary holdings).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 285,068,122 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 28,506,812 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 28,506,812 Shares at the Maximum Price of \$0.237 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the last five 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 28,506,812 Shares is approximately \$6.743 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 28,506,812 Shares at the Maximum Price of \$0.270 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the last five 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 28,506,812 Shares is approximately \$7.707 million.

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 2018; and
- (ii) such purchases or acquisitions of Shares are funded solely by internal resources,

the financial effects of the share buyback on the audited consolidated financial statements of the Group for the financial year ended 30 June 2019 (“FY2019”), are set out below:

(a) **Purchases made entirely out of capital or profits and held as treasury shares**

As at 30 June 2019	Group			
	Market Purchase Before \$'000	After \$'000	Off-Market Purchase Before \$'000	After \$'000
Shareholders' Funds <sup>(1)</sup>	59,243	52,499	59,243	51,536
NTA	54,510	47,766	54,510	46,803
Current Assets	78,910	72,166	78,910	71,203
Current Liabilities	50,150	50,150	50,150	50,150
Working Capital	28,760	22,016	28,760	21,053
Number of Shares ('000)	285,068	257,359	285,068	257,359
Treasury Shares ('000)	798	28,507	798	28,507
Weighted Average Number of Shares for FY2019 ('000)	284,726	256,253	284,726	256,253
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(2)</sup>	19.12	18.56	19.12	18.19
Net Debt/(Cash) <sup>(3)</sup>	4.42	17.46	4.42	30.18
Gearing (times)	1.08	1.21	1.08	1.24
Current Ratio (times) <sup>(4)</sup>	1.57	1.44	1.57	1.42
Basic EPS (cents)	2.37	2.64	2.37	2.64

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

As at 30 June 2019	Group			
	Market Purchase Before \$'000	After \$'000	Off-Market Purchase Before \$'000	After \$'000
Shareholders' Funds <sup>(1)</sup>	59,243	52,499	59,243	51,536
NTA	54,510	47,766	54,510	46,803
Current Assets	78,910	72,166	78,910	71,203
Current Liabilities	50,150	50,150	50,150	50,150
Working Capital	28,760	22,016	28,760	21,053
Number of Shares ('000)	285,068	257,504	285,068	257,504
Weighted Average Number of Shares for FY2019 ('000)	284,726	256,253	284,726	256,253
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(2)</sup>	19.12	18.56	19.12	18.19
Net Debt/(Cash) <sup>(3)</sup>	4.42	17.46	4.42	30.18
Gearing (times)	1.08	1.21	1.08	1.24
Current Ratio (times) <sup>(4)</sup>	1.57	1.44	1.57	1.42
Basic EPS (cents)	2.37	2.64	2.37	2.64



**Notes:**

- (1) Shareholders' funds include non-controlling interests.
- (2) 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.
- (3) Net debt/(cash) means bank borrowings including finance lease divided by cash and cash equivalents.
- (4) Current ratio means current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements of the Group for FY2019 and is not necessarily representative of the future financial performance of the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of 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 as treasury shares.

## 2.7 **Take-over Implications under the Singapore Code on Take-overs and Mergers**

Appendix 2 of the Singapore Code on Take-overs and Mergers ("**Take-over Code**") contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. 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**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition of Shares for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

### 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 persons acting in concert with each other:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

- (b) 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);
- (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 whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, 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 such directors, their close relatives and related trusts) which is subject to an offer or where the directors 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 with 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 each of them, will incur an obligation to make a mandatory take-over offer under Rule 14 after any purchase or 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, Directors and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and persons acting in concert with them, 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 mandatory take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its 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 months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the proposed renewal of the Share Buyback Mandate.

#### 2.7.4 Concert Party Group

On 24 July 2019, the Company announced that it has entered into a conditional sale and purchase agreement (the “SPA”) dated 23 July 2019 for the proposed acquisition by the Company of the equity interest in six entities (the “Target Companies”). Under the SPA, part of the purchase consideration will be settled by the Company issuing 47,393,365 non-listed warrants (the “Warrants”) to the seller, subject to the Target Companies achieving certain profit targets. Each Warrant carries the right to subscribe for one new Share in the Company.

As at the Latest Practicable Date, the executive Directors, namely Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye (the “Founders”) and their investment holding vehicle, ADD Investment Holding Pte. Ltd (“AIHPL”), hold an aggregate of 143,000,406 Shares representing approximately 50.16% of the total issued voting Shares of the Company. The Founders, AIHPL and persons acting in concert with any of them (collectively, the “Concert Party Group”) are presumed to be persons acting in concert in relation to the Shares under the Take-over Code. Assuming that the Warrants are fully issued and exercised, the voting rights of the Concert Party Group in the Company will be diluted to 43.01%. In the event that the Company should pursuant to the Share Buyback Mandate, purchase or acquire up to 10% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings), the voting rights of the Concert Party Group in the Company could potentially increase from 43.01% to 47.05% in any period of six months. Under the Take-over Code, the Concert Party Group would therefore incur a mandatory take-over obligation for the issued Shares not already owned by them.

#### 2.7.5 Securities Industry Council’s Waiver

Under Appendix 2 of the Take-over Code, the Concert Party Group will be exempted from the requirement under Rule 14 of the Take-over Code to make a mandatory take-over offer for the issued Shares not already owned by them if their voting rights in the Company increase by more than 1% in any period of six months, as a result of the Company purchasing or acquiring its Shares pursuant to the Share Buyback Mandate, subject to the following conditions:

- (a) this Addendum contains advice to the effect that by voting for the resolution authorising the proposed renewal of the Share Buyback Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Party Group, who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1% in any period of six months; and the names of the members of the Concert Party Group and their voting rights at the time of the resolution and after the proposed share buyback are disclosed in this Addendum;
- (b) the resolution authorising the proposed renewal of the Share Buyback Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the Company purchasing or acquiring its Shares pursuant to the Share Buyback Mandate;
- (c) the Concert Party Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution authorising the proposed renewal of the Share Buyback Mandate;
- (d) within seven days after the passing of the resolution authorising the proposed renewal of the Share Buyback Mandate, each of the Founders to submit to the Securities Industry Council (“SIC”) a duly signed form as prescribed by the SIC; and
- (e) the Concert Party Group has not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:

- (i) the date on which the authority of the Share Buyback Mandate expires; and
- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the proposed share buyback, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six months.

It follows that where the aggregate voting rights held by the Concert Party Group increase by more than 1% solely as a result of the Company purchasing or acquiring its Shares and none of them has acquired any Shares during the relevant period defined above, then the Concert Party Group would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

**Shareholders should therefore note that by voting for the proposed renewal of the Share Buyback Mandate, they are waiving their rights to a mandatory take-over offer by the Concert Party Group under the circumstances set out above.** Such take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the Required Price (as defined below).

**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 the Company purchasing or acquiring its Shares, should consult the SIC and/or their professional advisers at the earliest opportunity.**

**"Required Price"** means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the highest of the price paid by the offerors and/or any person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by SIC under Rule 14.3 of the Take-over Code.

Other than as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory take-over offer in the event the Directors exercise the power to purchase or acquire Shares pursuant to the Share Buyback Mandate.

## 2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of purchase or acquisition of Shares by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

## 2.9 Catalyst Rules

- 2.9.1 As at the Latest Practicable Date, 94,512,392 Shares representing 33.15% of the total number of issued Shares are held in the hands of the public. For illustrative purposes only, assuming the Company exercises the Share Buyback Mandate in full and purchases 10% of the total number of issued Shares through Market Purchases from the public, the public float would be reduced to approximately 25.73%.

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 a share over the last five 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 paragraph 2.1 of this Addendum, conforms to this restriction.

2.9.3 While the Catalist Rules do 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 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 line with the best practices on dealing with securities stipulated in the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off-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

Within 30 days of the passing of the Shareholders’ resolution to approve the proposed renewal of the Share Buyback Mandate, the Company will lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”).

The Company will also lodge with ACRA a notice of purchase or acquisition of Shares within 30 days of such purchase or acquisition. Such notification shall include the date of purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company’s issued share capital before and after the purchase or acquisition, the amount of consideration paid for the purchase or acquisition and whether such consideration is paid out of capital or profits of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares, the Company will lodge with ACRA a notice of 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 the number of Shares authorised for purchase or acquisition, the date of purchase or acquisition, the number of Shares purchased or acquired, 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, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time.

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 the date of usage, the purpose of 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 before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed from time to time.

### 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 1,306,900 Shares in the previous 12 months. The highest price paid per Share was \$0.255 and the lowest price paid per Share was \$0.195. The total consideration paid was \$266,211.41 (inclusive of brokerage and clearing fees).

On 25 April 2019, the Company announced the use of 1,444,460 treasury shares as settlement for 50% of the third tranche consideration for the acquisition of ISO-Integrated M&E 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	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Ng Cheng Lian <sup>(2)</sup>	7,682,000	2.69	119,954,406	42.08
Koh Thong Huat <sup>(2)</sup>	7,682,000	2.69	119,954,406	42.08
Foo Joon Lye <sup>(2), (3)</sup>	-	-	127,636,406	44.77
Tan Eng Ann	-	-	-	-
Soh Chun Bin	-	-	-	-
Ng Kheng Choo	-	-	-	-
<b>Substantial Shareholders</b>				
ADD Investment Holding Pte. Ltd. <sup>(4)</sup>	79,954,406	28.05	40,000,000	14.03
Nippon Paint (Singapore) Company Private Limited <sup>(5)</sup>	15,896,556	5.58	-	-
Nippon Paint Holdings Co., Ltd <sup>(5)</sup>	-	-	15,896,556	5.58
Nipsea International Limited <sup>(5)</sup>	-	-	15,896,556	5.58
Nipsea Holdings International Limited <sup>(5)</sup>	-	-	15,896,556	5.58
Wuthelam Holdings Limited <sup>(5)</sup>	-	-	15,896,556	5.58
Thurloe Ltd <sup>(5)</sup>	-	-	15,896,556	5.58
Rainbow Light Ltd <sup>(5)</sup>	-	-	15,896,556	5.58
Epimetheus Ltd <sup>(5)</sup>	-	-	15,896,556	5.58

**Notes:**

- (1) Based on the issued share capital of the Company of 285,068,122 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, Chapter 50.
- (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**

Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye will abstain from voting on the resolution relating to the proposed renewal of the Share Buy Back Mandate and have therefore refrained from making any recommendation to Shareholders on Ordinary Resolution 9 set out in the Notice of AGM. The rest of the Directors, having fully considered the rationale set out under paragraph 2.3 of this Addendum for the proposed renewal of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of AGM.

**6. ABSTENTION FROM VOTING**

Ng Cheng Lian, Koh Thong Huat, Foo Joon Lye and the persons acting in concert with them will abstain from voting, whether by representative or proxy, on Ordinary Resolution 9 set out in the Notice of AGM. They will also not accept nominations as proxies or otherwise for voting in respect of the aforesaid ordinary resolution at the AGM unless specific instruction has been given in the proxy form as to the manner in which votes are to be cast in respect of such ordinary resolution.

**7. 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.

**8. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829, 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 FY2019.

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

Koh Thong Huat  
Executive Director and Chief Executive Officer