



**ISOTEAM**

**ISOTEAM LTD.**

(Company Registration No: 201230294M)

(Incorporated in the Republic of Singapore on 12 December 2012)

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## **DISPOSAL OF PROPERTY LOCATED AT 57 KAKI BUKIT PLACE, SINGAPORE 416231**

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### **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 Raymond Construction Pte Ltd ("**RCPL**"), a wholly-owned subsidiary of the Company, has on 25 May 2020, granted an option to purchase (the "**Option**") to Mr Lau Kok Seng (the "**Purchaser**") and/or his nominee, to sell the property located at 57 Kaki Bukit Place, Singapore 416231 (the "**Property**") to the Purchaser and/or his nominee for a purchase consideration of S\$4.5 million (excluding goods and services tax) (the "**Purchase Consideration**"), on the terms and subject to the conditions of the Option (the "**Disposal**"). The Purchaser is an independent and unrelated third party and the Disposal has been completed to-date.

### **2. INFORMATION ON THE PROPERTY**

The Property, being a five-storey terrace B2 factory building with dormitory, has a land area and floor area of approximately 4,795 square feet and 13,111 square feet, respectively, with a leasehold tenure of 60 years commencing from 20 November 1995.

The Property has been vacated since May 2018.

### **3. PURCHASE CONSIDERATION**

The Purchase Consideration of S\$4.5 million was arrived at on a willing buyer and willing seller basis, and was facilitated by a property agent. In deriving the Purchase Consideration, the Group had taken into account the (i) valuation of the Property conducted in early 2018; (ii) property market conditions; and (iii) the current economic environment in view of the COVID-19 pandemic. Further details on the value of the Property are set out at section 5 of this announcement.

The Purchase Consideration was satisfied by the Purchaser to RCPL in cash as follows:

- (a) a sum of S\$90,000, which is equivalent to 2% of the Purchase Consideration, was paid by the Purchaser for RCPL to grant the Option;
- (b) a further sum of S\$135,000, which is equivalent to 3% of the Purchase Consideration, was paid by the Purchaser upon exercise of the Option; and
- (c) the balance sum of S\$4,275,000, which is equivalent to 95% of the Purchase Consideration, was paid by the Purchaser upon completion of the Disposal on 3 August 2020 ("**Completion**").

#### 4. RATIONALE FOR THE DISPOSAL

The Board believes that the Disposal is in the best interests of the Group and the shareholders of the Company, as it will enable the Group to realise the value of the Property, which is currently held as asset held for sale. The Disposal will result in a positive cash inflow of S\$4.21 million (after deducting the estimated expenses to be incurred in connection with the Disposal and repayment of the outstanding bank borrowings of S\$0.29 million in relation to the Property), thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

#### 5. VALUE OF THE PROPERTY

Based on the audited adjusted carrying amount of the Property as at 30 June 2019 of approximately S\$2.33 million, and adjusted taking into account the depreciation expenses incurred up to 30 June 2019, the Disposal is expected to result in a gain on disposal of approximately S\$2.12 million.

#### 6. USE OF PROCEEDS

The Company has received the net proceeds of approximately S\$4.21 million from the Disposal (after deducting the estimated expenses to be incurred in connection with the Disposal and repayment of the outstanding bank borrowings of S\$0.29 million in relation to the Property). The Company intends to utilise the net proceeds for the general working capital requirements of the Group.

Pending the deployment of the unutilised proceeds for the purpose mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

#### 7. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects of the Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the Completion.

The financial effects of the Disposal were calculated based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2019 (“FY2019”), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

##### 7.1 Net Tangible Assets (“NTA”)

The effect of the Disposal on the NTA per share of the Group for FY2019, assuming that the Disposal had been effected as at 30 June 2019 is as follows:

<b>As at 30 June 2019</b>	<b>Before the Disposal</b>	<b>After the Disposal</b>
NTA (S\$'000)	57,120	59,239
Number of issued shares	285,068,122	285,068,122
NTA per share (Cents)	20.04	20.78

## 7.2 Earnings per Share (“EPS”)

The effect of the Disposal on the EPS of the Group for FY2019, assuming that the Disposal had been effected on 1 July 2018 is as follows:

FY2019	Before the Disposal	After the Disposal
Profit after tax and non-controlling interests (S\$'000)	6,757	8,876
Number of issued shares	284,725,505	284,725,505
EPS (Cents)	2.37	3.12

## 8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 31 December 2019 (“HY2020”), the relative figures for the Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Catalist Rules”) are set out below:

Rule	Bases	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.	3.95% <sup>(1)</sup>
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits as at 31 December 2019.	Not applicable <sup>(2)</sup>
1006 (c)	The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation, based on the total number of issued shares excluding treasury shares.	10.35% <sup>(3)</sup>
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Based on the net asset value of the Property of S\$2.33 million as at 31 December 2019 and the net asset value of the Group of S\$59.03 million as at 31 December 2019.
- (2) The Property is not a revenue-generating asset.
- (3) Based on the Purchase Consideration of S\$4.5 million and the Company's market capitalisation of approximately S\$43.49 million (being the issued ordinary share capital of the Company ("Shares") of 334,568,122 Shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Shares of S\$ 0.13 on 21 May 2020, which is the last full market day on which the Shares were traded prior to the date of the Option).
- (4) The Disposal is not an acquisition of assets.
- (5) The Company is not a mineral, oil or gas company.

As the relevant relative figure for the Disposal computed on the basis set out in Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 50%, the Disposal constitutes a disclosable transaction under Chapter 10 of the Catalist Rules and does not require the approval of shareholders.

**9. SERVICE CONTRACT**

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Disposal.

**10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

**11. DOCUMENT FOR INSPECTION**

A copy of the Option is available for inspection at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829 for a period of three months from the date of this announcement.

By Order of the Board

Anthony Koh Thong Huat  
Executive Director and Chief Executive Officer  
11 August 2020

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.*