



ISOTEAM LTD.

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

PROPOSED DISPOSAL OF INVESTMENT 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 3 November 2021 entered into a Purchase and Sale Agreement (the “**PSA**”) with EDP Renováveis, S.A. (the “**Purchaser**”) and certain shareholders (the “**Sellers**”) of Sunseap Group Pte. Ltd. (“**Sunseap**”) to dispose the Company’s entire equity interest of 39,475 Series C convertible preference shares and 5,611 ordinary shares (in aggregate representing 1.18% of the capital of Sunseap on an as-converted basis) in the capital of Sunseap (the “**Sale Shares**”) to the Purchaser, on the terms and conditions set out in the PSA (the “**Proposed Disposal**”).

2. INFORMATION ON THE PURCHASER AND SUNSEAP

The Purchaser is a renewable energy company incorporated in Spain, listed on the Euronext Lisbon stock exchange of Portugal. The Purchaser is not related to the Company, the Directors and controlling shareholders of the Company, and their respective associates.

Sunseap is an investment holding company incorporated in Singapore. Sunseap and its subsidiaries are one of the leading providers of clean energy solutions in Singapore. In 2017, the Company subscribed for an aggregate principal amount of S\$5 million worth of Series C convertible preference shares in the capital of Sunseap. Sunseap is also a customer of the Group and the Group worked with Sunseap to complete the deployment installation of the largest floating solar farm in the marine coastal environment at the Straits of Johor, off Woodlands.

3. SALE CONSIDERATION

The consideration for the Proposed Disposal is S\$270 per Sale Share, amounting to S\$12,173,220 in aggregate (the “**Sale Consideration**”), payable in cash. The sale of the Sale Shares is part of a transaction in which the Purchaser is acquiring majority control of Sunseap. The price per Sale Share was agreed after negotiation between the lead selling shareholder of Sunseap, Sunseap and the Purchaser.

The Purchaser would make payment of the Sale Consideration in full on the date of completion of the Proposed Disposal (the “**Completion**”).

4. CONDITIONS PRECEDENT

The Completion is subject to customary regulatory approvals and consents, certain conditions precedent and potential adjustments. There are no other material conditions with Completion expected during the first quarter of 2022.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Board is of the view that the Proposed 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 Sale Shares, which are currently held as investment. The Proposed Disposal will result in a positive cash inflow of approximately S\$12.17 million (after deducting estimated expenses pertaining to the Proposed Disposal which include professional fees), 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.

6. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal (after deducting estimated expenses pertaining to the Proposed Disposal which include professional fees) would be approximately S\$12.17 million. The Group intends to apply such net proceeds towards the general working capital requirements and for new business expansion as and when the opportunities arise.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the net tangible asset (“NTA”) per share and loss per share (“LPS”) of the Group, prepared on a proforma basis on the audited consolidated financial statements of the Group for the financial year ended 30 June 2021 (“FY2021”) (the “FY2021 AFS”) and on the assumption that the Proposed Disposal will result in net proceeds of approximately S\$12.17 million, are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

7.1. NTA

The financial effect of the Proposed Disposal on the NTA per share of the Group for FY2021, assuming that the Proposed Disposal had been effected as at 30 June 2021 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	25,456	29,649
Number of issued ordinary shares, excluding treasury shares	348,352,231	348,352,231
NTA per share (S\$ cents)	7.31	8.51

7.2. LPS

The financial effect of the Proposed Disposal on the LPS of the Group for FY2021, assuming that the Proposed Disposal had been effected on 1 July 2020 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to shareholders (S\$'000)	(14,545)	(10,352)
Weighted average number of ordinary shares, excluding treasury shares	345,836,785	345,836,785
LPS (S\$ cents)	(4.21)	(2.99)

7.3 Book Value of the Sale Shares

Based on the FY2021 AFS, the book value of the Sale Shares is S\$7,980,222 as at 30 June 2021.

7.4 Net Profit Attributable to the Sale Shares

The Sale Shares are currently held as investment and did not generate any income or revenue for FY2021.

7.5 Excess of Sale Consideration over Book Value

Based on the book value of the Sale Shares as set out in section 7.3 above, there is an excess of approximately S\$4,192,998 of the Sale Consideration over the said book value. Based on the initial cost of investment of the Sale Shares of S\$5 million, there is an excess of approximately S\$7,173,220 of the Sale Consideration over the said book value.

7.6 Gain on Disposal

The Proposed Disposal would amount to a gain on disposal of approximately S\$4,192,998.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures in relation to the Proposed Disposal computed on the applicable basis set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”) and based on the figures reported in the FY2021 AFS, are as follows:

Rule 1006	Listing Rule	Relative Figures (%)
(a)	The net asset / liabilities value of the assets to be disposed of, compared with the group's net asset / liabilities value.	23.03 ⁽¹⁾
(b)	The net profits / losses attributable to the assets acquired or disposed of, compared with the group's net profits / losses.	Not applicable ⁽²⁾
(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.	27.09 ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁵⁾

Notes:

(1) Based on the net asset value of the Sale Shares of S\$7,980,222 as at 30 June 2021 and the net asset value of the Group of S\$34.66 million as at 30 June 2021.

(2) Not applicable as the Sale Shares do not generate any income or revenue for FY2021.

- (3) Based on the Sale Consideration of S\$12,173,220 and the Company's market capitalisation of S\$44,937,438. The Company's market capitalisation is determined by multiplying the Company's total number of issued ordinary shares of 348,352,231 shares (excluding treasury shares) by the volume weighted average price of S\$0.129 per share on 2 November 2021, being the last traded market day immediately preceding the date of the PSA.
- (4) Not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Disposal.
- (5) Not applicable as the Proposed Disposal is not of mineral, oil or gas assets.

As the relative figures for the Proposed Disposal computed on the basis set out in Rule 1006(a) and (c) of the Catalist Rules exceed 5% but are less than 50%, the Proposed Disposal constitutes a discloseable transaction under Chapter 10 of the Catalist Rules and does not require the approval of shareholders of the Company.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement and save for their respective interests arising by way of their shareholdings and/or directorships in the Company, none of the Directors, controlling shareholders of the Company or their associates have any interest, direct or indirect, in the Proposed Disposal.

10. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the PSA is available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829.

Due to the mandatory safe distancing measures issued by the Ministry of Health of Singapore in relation to the COVID-19 pandemic, please contact the management office email at ir@iso-team.com prior to making any visits to arrange for a suitable time slot for the inspection.

13. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the

event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Koh Thong Huat
Executive Director and Chief Executive Officer
5 November 2021

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.